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WORLD NEWS

Moscow call for space arms talks

The Soviet Union yesterday offered to start talks on banning space weapons with the U.S. in Austria in September. It said the militarisation of space should be prevented by banning weapons of any kind in space, including anti-satellite and anti-missile systems based in space and ground-based systems aimed at targets in space. To encourage agreement, Moscow offered a reciprocal moratorium on testing and deploying such weapons.

Life sentence for killing

Michael Telling a member of the Vestey family, was jailed for life in Exeter, after being found guilty of the manslaughter of his wife on grounds of diminished responsibility but not guilty of murder. He kept her body in a sauna for five months before having it in woods and decapitating it.

Punjab governor quits

The governor and senior police officer in the troubled Indian state of Punjab both resigned. Page 2

Working week pressure

The European Commission is to try to persuade Britain to join its EEC partners in supporting a cut in working hours to create jobs. Page 4

Secrets charge

Former civil servant Raymond Williams was committed to trial by Bath magistrates accused of selling defence information to The Observer.

Vietnam build-up fears

The Soviet Union is rapidly increasing military strength at Da Nang and Cam Ranh Bay in Vietnam, threatening south-east Asian security, Singapore said.

Envoys held over drugs

Dutch police said they arrested a Zambian diplomat after finding 13 kg of heroin in his luggage at Amsterdam airport.

Poll on suffrage

Lichtenstein men go to the polls this weekend to decide whether women should be given the vote.

West Indies chase 286

West Indies were 119/3 (Richards out) in reply to England's 256 (Fowler 108) after two days of the second test at Lords.

Briefly...

Israeli opinion poll gave the government 21.9 per cent support and the opposition 40.8 per cent. Shigechiyo Izumi of Japan was 119. Gunman killed six in a Dallas nightclub.

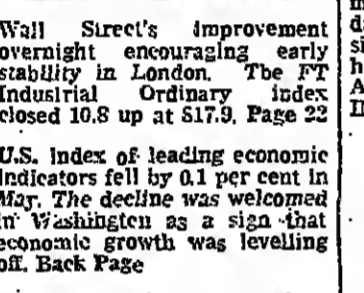
BUSINESS SUMMARY

Half of BA's staff accept pension deal

NEARLY 17,000 of British Airways' 32,000 staff have given up their rights to inflation-proofed pensions in exchange for cash payments expected to total £80m. Those accepting the deal will change to a scheme with lesser benefits. The move is seen as a necessary step in preparation for BA privatisation next year. Back Page

EQUITIES

ended a volatile fortnightly trading account on an optimistic note. Overseas influences were mainly responsible for the brighter tone, with



Wall Street's improvement overnight encouraging early stability in London. The FT Industrial Ordinary Index closed 10.8 up at 617.9. Page 22

U.S. Index of leading economic indicators

fell by 0.1 per cent in May. The decline was welcomed in Washington as a sign that economic growth was levelling off. Back Page

WEST GERMAN car makers

are planning to boost production of right-hand drive cars in preparation for Britain's August car sales boom. Page 3

UNITED Bank of Kuwait

is entering the UK mortgage market offering loans to home buyers at the top end of the market. Page 3

SOVIET trading officials

said Moscow expected this year's grain crop to be 180m tonnes against an official target of 240m tonnes and last year's 180m tonnes.

AUSTIN ROVER chairman

Harry Musgrove has written to the car group's 33,000 workers warning them of the consequences of any further disruption. Page 4

INSURANCE companies

and pension funds in the UK made net investments of £3.9bn in the first quarter of this year. Page 4

KUWAIT Investment Office

bought a 20 per cent stake in Hong Kong's Hong Kong Banking and Securities Group for an undisclosed sum. Page 19

Argentina and banks reach debt agreement

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ARGENTINA agreed last night to pay \$225m (198m) from its reserves to help meet payments of overdue interest ahead of today's key quarterly reporting deadline for U.S. banks, Sr Bernardo Grinspun, Economy Minister, announced in Buenos Aires. The agreement was part of a package that will bring interest payments on the country's public sector debt current through to April 2. The 11 leading creditor banks which have been leading negotiations with Argentina are to advance a further \$125m to the government of President Raul Alfonsin. The package will have the immediate effect of preventing U.S. banks from having to declare Argentine loans as non-performing in their second quarter results. This would have sharply dented their confidence and become more optimistic about an eventual settlement of Argentina's \$43.6bn debt problem after President Alfonsin's speech to the nation on Wednesday night in which he spoke of the need for tough economic measures. Some bankers regard this as a sign of rapprochement with the IMF. Like the \$100m advance made by the advisory committee in March, the new loan from the banks will be secured against Argentine deposits at the Federal Reserve Bank of New York. Its initial maturity of 45 days can be extended if Argentina reaches an agreement with the IMF. Advisory committee bankers noted last night that the cash they will receive in interest from this package exceeds the amount they will have to re-lend in the form of their \$125m advance. Argentina's willingness to make a payment of interest to its bank creditors follows strong pressure from the U.S. Government, as well as other Latin American debtor countries, that it should come to terms with the IMF. However, meetings this week between Sr Grinspun and Mr Jacques de Larosiere, IMF managing director, produced little. Mr de Larosiere told Mr William Rhodes, chairman of the advisory committee, by telephone on Thursday night that progress had been made in defining the issues at stake but it was too early to speculate on when a final agreement might be reached. As part of yesterday's package all bank creditors are to be asked to defer until mid-September the repayment date of a \$750m loan instalment which fell due on June 15. The advisory committee banks are also to extend the maturity of the \$100m advance made in March to help Argentina meet interest payments.

NCB seeks to widen coal and steel union rift

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE National Coal Board sought yesterday to widen the rift between the miners and the steelworkers as talks between leaders of the two unions ended without agreement. The NCB issued a statement contradicting claims by Mr Arthur Scargill, president of the National Union of Mineworkers, that the miners had made sacrifices for the steelworkers during the 1980 steel strike, and should be repaid in kind. The board said miners co-operated in attempts to avoid disruption to production and output of coal, and incentive bonuses, rose during the steel strike. Mr Phillip Weekes, South Wales area director, made a separate call to South Wales miners to allow resumption of rail supplies of coal and iron ore to the British Steel Corporation's plant in Llanwern. Mr Weekes said they should "ignore Scargill's interference" and that 9,000 jobs at pits supplying the plant could be in jeopardy. "What is happening amounts to brother killing brother in a war of industrial madness," he said. However, the rail blockade on Llanwern and Ravenscraig, in Scotland, remained complete yesterday, though the first lorry convoys of iron ore moved into the Welsh plant. Some 65 lorries made three separate trips from Port Talbot, carrying 2,500 tonnes of ore. In Scotland, lorry convoys are expected to begin on Monday. Steelworkers at both plants have made it clear they will co-operate with management attempts to bring in raw materials. A meeting between the executives of the NUM and the Iron and Steel Trades Confederation (ITC) headquarters in London, yesterday ended with the other's position, but with no signs of agreement. A full meeting of leaders of all 14 steel unions is to be held on Monday and another meeting of the transport unions and the NUM will be held later that day to consider the steel unions' response. Mr Arthur Scargill said after the 90-minute meeting that he hoped the response would be "positive," but made it clear the blockade would continue in any case. Mr Scargill said the transport unions had promised the blockade all steel imports if the steelworkers accepted that no steel would be produced. In the course of the meeting, Mr Bill Sims, the ITC general secretary, said: "We are continuing on Back Page"

Ferry concession threat dropped

BY ANDREW FISHER, SHIPPING CORRESPONDENT

EUROPEAN Ferries has made another significant retreat from proposals to curb cheap fares for shareholders, agreeing that directors will not, after all, have the right to end the discounts in 15 years time. The company, owners of the Townsend Thoresen ferry fleet, has already been forced to bow to pressure from small shareholders and drop plans to renege on its promise to provide the 75 per cent approval required for these to go through. Proxies in advance of special meetings to be held on the same afternoon to vote on the proposals showed that shareholders with between 300 and 599 shares failed marginally to provide the 75 per cent approval required for these to go through. So the company agreed that those switching to the new preference shares and keeping the fare perks should continue to have votes. It adjourned the meetings to July 16. The European Ferries Shareholders' Action Group, headed by Mr James Lloyd-Bostock, a retired Indian army colonel who farms in Sussex, and Mr Peter Welham, a financial journalist, welcomed the latest European Ferries move. Both men have met executives of the group and of S. G. Warburg, its merchant bank adviser. The action group described the decision on voting rights and the 1989 review as "a major victory for shareholder democracy." Mr Rober Braidwood, European Ferries' finance director, said of the revised scheme: "We don't think it's ideal, but we can live with it." The changes would add about £150,000 to the £980,000 cost of implementing the scheme.

City warns Government on BT share offer

BY DOMINIC LAWSON

THE GOVERNMENT'S £4bn target for its forthcoming offer of shares in British Telecom could be in jeopardy, following its treatment of City underwriters in the Enterprise Oil offer, leading financial institutions said yesterday. Rio Tinto-Zinc, the UK-based mining company, was blocked by the Government on Thursday when it attempted to take 49 per cent of shares offered in Enterprise Oil, the former North Sea oil arm of British Gas, which has been privatised. With RTZ being allowed to keep only 30 per cent of the shares, underwriters have been forced to take up 73 per cent of the issue. Mr David Malcolm, chief investment manager of Royal Insurance, said it was the first time he could recall underwriters being made to take up shares which someone else had legitimately applied for. Institutions now realised that the risks of underwriting government offers were greater than for normal share offers. There could be a case for establishing a higher underwriting commission to the Government on the British Telecom issue, which is expected in the autumn. Mr Trevor Pullen, head of equity finance for the Prudential Corporation, the UK's biggest institutional investor, said that as a result of the Government's behaviour over Enterprise, BT would have to be made much more attractive. "While it is in the City's interest to talk down the value of BT, there is also no disguising the anger caused by the Government's decision to leave most of RTZ's offer with the underwriters. One of the Government's advisors on the Enterprise sale said yesterday that the Government did not take the City's anger lightly. But the intention to float Enterprise as an independent company was stated clearly in the prospectus and that the RTZ offer conflicted with that. He denied that City institutions had been asked to underwrite government policy. City anger is scarcely less than that of RTZ, which has been prevented from carrying out what it sees as a legitimate offer. Continued on Back Page"

Jenkin hints at brief reprieve for GLC and metropolitan council

BY IVOR OWEN

THE GOVERNMENT may move to extend the life of the Greater London Council and the six English metropolitan counties until the middle of next year, Mr Patrick Jenkin, the Environment Secretary, indicated yesterday. The aim would be to overcome one of the main objections to the Bill to cancel council elections due next year. The Bill's progress was thrown into turmoil by an adverse vote in the Lords on Thursday. The present Government proposal to appoint interim boards composed of nominated members to run the big councils has led critics such as Mr Edward Heath the former prime minister, to claim that the political complexion of GLC would be changed by parliamentary diktat. The so-called paving Bill cancelling the elections was intended to be an initial move in the Government's overall strategy for removing the major councils, for which a Bill has yet to be introduced to parliament. This main Bill cannot reach the statute book before the middle of next year. Mr Jenkin yesterday dismissed criticism from his own side of the House and renewed opposition demands for his resignation following the herds' defeat. The vote was on an amendment to prevent the Government from cancelling the elections until the main Bill on the abolition of the councils has become law. Mr Jenkin also paid little heed to warnings that the stand taken by the Lords was likely to swell the number of Conservative backbenchers ready to oppose the cancellation of elections. The Government would consider a number of options before deciding how to react to the defeat in the Lords, he said, and accepted that allowing the elections to proceed was a possible option. But, as the councils were by then to have little more than two months of life remaining before being required to hand over their powers, he could not believe that would be a "sensible way to proceed." Mr Jenkin acknowledged that extending the life of the councils would still not satisfy many critics of the Bill, including Ken Livingstone, the Labour leader of the GLC, who are insisting that next year's elections should take place. He stressed that some Labour members of the GLC had made no secret of the fact that if the period of office were extended they would make life for the Government "just as difficult as they can." Mr Tony Banks (Labour North East) who suggested the Government might consider stiffer opposition from its own backbenchers if sought to disagree with the Lords when the Bill was returned to the Commons was given by Mr Conal Greig (Con York) who suggested the measure should be dropped "for a considerable period of time." Mr Jenkin retorted: "The Government intends to seek to put the main legislation on the statute book in accordance with our manifesto commitment at the paving Bill is an essential step towards achieving that objective." Dr John Cunningham, Labour's shadow Environment Minister, led demands for Mr Jenkin's resignation and contended that the defeat in the Lords had affected the heart of the Government's legislative programme. He told: "Mr Jenkin must go—and take this with democratic Bill with you." Mr Jenkin indicated that the policy he was pursuing was backed by the entire Cabinet and that the resignation of a single minister did not arise. Mr Heath told the conference of the Association of District Councils in Bournemouth that the Government should stand back and look at the whole situation afresh. Mr Livingstone said that the vote in the Lords showed the "Government can't run away from elections." He said an election focussing on the question of abolition would lead to a resounding defeat for the Government. Background, Page 3; Editorial, Comment, Page 16

MARKETS

DOLLAR		STERLING	
New York lunchtime	DM 2.752	New York lunchtime	\$1.358
FFc 5.5355	SfrF 2.56075	London	\$1.358 (1.3515)
Y237.05		DM 3.7725 (3.765)	
London		DffF 3.1625 (3.15)	
DM 2.752 (2.745)		DfF 11.5775 (11.565)	
FF 6.5355 (6.515)		Y322 (320.75)	
SfrF 2.331 (2.325)		Trade weighted 79.1 (78.5)	
Y 237.4 (237.3)			
Trade Weighted 133.8 (133.9)			
UK close Y237.45			

US LUNCHEON RATES

Fed Funds 11%	3-month Treasury Bills: 9.91%
1-year Bond: 9.7%	Yield: 13.62

GOLD

New York: Comex July, latest	\$374.0
London: \$373.5 (\$373.75)	

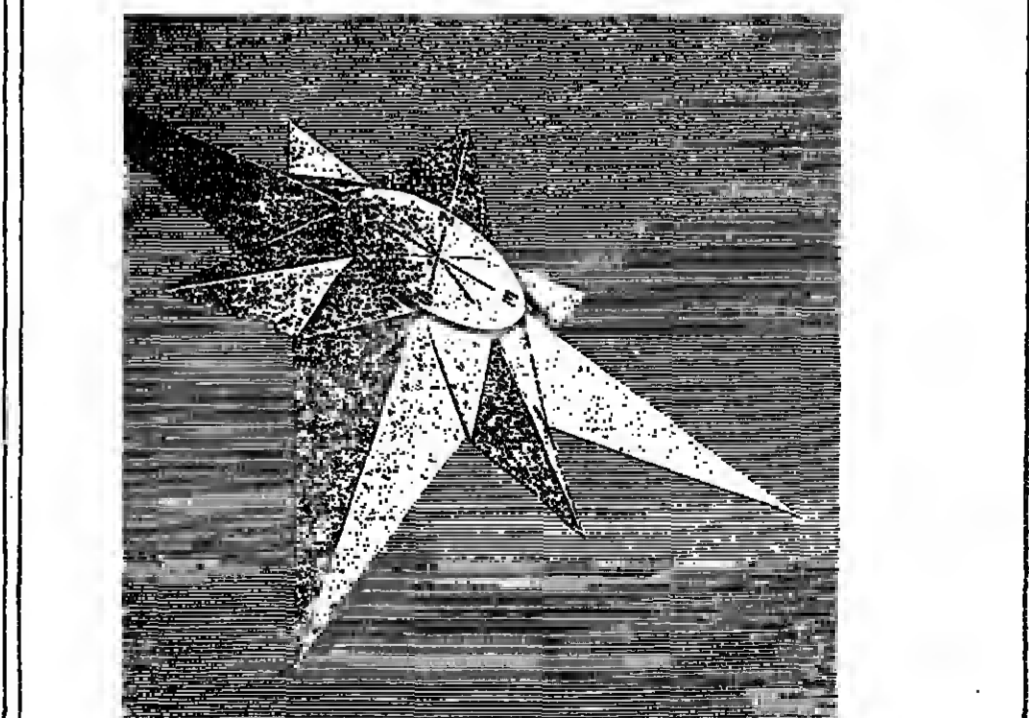
STOCK INDICES

FT Ind Ord 817.9 (+10.8)
FT-A All Share 487.4 (+0.8%)
FT-SE 100 1,041.4 (+12.1)
FT-A long gilt yield index:
High coupon 10.94 (10.96)
New York lunchtime:
DJ Ind Av 1,136.26 (+9.71)
Tokyo:
Nikkei Dow 10,377.97 (10,372.05)

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Jackson returns to fierce controversy

Stewart Fleming in Washington

Reverend Jesse Jackson, the black contender for Democratic Party's presidential nomination...

As Mr Jackson's air-lift touched down in Washington at around midnight yesterday, it was clear he was riding in the middle of a furious controversy...

Meanwhile, Mr Jackson was expected to meet U.S. State Department officials yesterday to discuss his Cuban and Central American trip.

The party's leadership is clearly anxious to capitalise on Mr Jackson's success in motivating the black voter...

Bankruptcy law revision gives boost to unions

By Our Washington Correspondent

ORGANISED labour appeared to be on the brink of an important victory limiting the ability of companies to use the bankruptcy laws to unilaterally abrogate their wage contracts.

A Senate and House conference committee had earlier approved legislation which would reconstitute the bankruptcy courts and at the same time overturn a Supreme Court ruling which gave employers considerable freedom to cancel or modify their wage contracts by applying for reorganisation under the bankruptcy laws.

Unions had complained that companies have been misusing this freedom not to seek protection from their creditors, which they claim the bankruptcy laws were designed for, but to alter legally enforceable wage contracts.

Under the new legislation, which is expected to receive early congressional approval, companies would have to negotiate any "necessary modifications" in their wage contracts under court supervision. The courts will be able to allow the company to revise its wage contract if the union had rejected the modifications "without good cause" even though "the balance of equities clearly favours rejection of the contract."

The bankruptcy courts themselves have been operating under temporary authority following a Supreme Court decision in 1982 which rejected an unconstitutional law which expanded the powers of the bankruptcy

Madrid visit improves French image

BY DAVID WHITE IN MADRID

PRESIDENT Francois Mitterrand made a rapid excursion to Madrid yesterday, his first visit to Spain since the Socialist took power here a year and a half ago.

With the Spanish now confident of completion in time for the 1986 target entry date, the trip was as sweet as it was short, in contrast of the cool reception given to Mitterrand on his one previous presidential visit in 1982.

The French President was whisked by helicopter from the airport to the out-of-town government complex of La Moncloa for talks with Sr

Felipe Gonzalez, the Prime Minister, and thence, also by helicopter, to the Palace of El Pardo for lunch hosted by King Juan Carlos before going straight back to Paris.

The trip marked the high point of the often-prickly Franco-Spanish relationship for the past few years. The last-minute outcome of France's six-months in the EEC presidency has enabled Paris to engineer a clever switch in image.

After being seen as the main obstacle in the way of Spanish accession to the Common Market, Mitterrand is now presented as the virtual patron of Spanish and Portuguese membership.

At the same time the adop-

tion by Paris, since the beginning of this year, of a tougher policy towards militants of the Basque ETA organisation taking refuge in France has relieved a major source of irritation between the two socialist governments and reinforced Spanish hopes of being able to contain the terrorist threat.

The president's visit yesterday was seen as essentially a courtesy call to mark the end of France's period in the EEC chair, similar to an equally snappy trip made earlier to Lisbon.

His meeting with Sr Gonzalez, which was devoted to the EEC question, underlined France's political will to complete the enlargement process on time, according to a French

spokesman.

The two leaders, accompanied by M Roland Dumas, French European Affairs Minister, and Sr Fernando Moran, Spanish Foreign Minister, discussed the remaining agenda, including the negotiating agenda, including the tough issues of wine and fish—Spain has a large wine-growing area and larger fishing fleet than any of the Community members.

Other questions still to be resolved are the balance to transition terms between industrial and farm products, the rhythm of tariff dismantlement and the future of sensitive Spanish agricultural sectors such as dairy products, which view the prospect of EEC entry with alarm.

Ireland faces immediate EEC challenges

BY PAUL CHEESERIGHT IN BRUSSELS

IRELAND takes over the presidency of the European Community from France at midnight tonight and immediately faces two problems of great political sensitivity.

Ireland has to decide how to meet a shortfall in this year's budget of Ecu 2.3bn (£1.4bn) and how to meet the deadline of September 30 for the completion of negotiations to bring Spain and Portugal into the EEC.

But Irish officials are immensely relieved at the change in the atmosphere of the EEC now that the British budget problem has been solved at this week's Fontainebleau summit, and a general readiness to embrace new policies to put the EEC on a new and more vigorous footing has become apparent.

The Irish programme for its six-month presidency will be formally presented on July 25, immediately after an address to the new European Parliament



Dr Garret FitzGerald

by Dr Garret FitzGerald, the Prime Minister.

With August effectively a dead month in Community affairs because of the holidays, there is scant time to complete major new legislation. Irish

officials concede this, yet note that "in terms of getting up steam we can do a great deal and that is our intention."

The main stress of the Irish presidency will be to promote the convergence of economic policies so that unemployment may be reduced and to strengthen the EEC's internal market to move to elimination of trade barriers.

The first major test for Ireland on the budget question comes on July 19 when budget ministers meet to discuss the shortfall. The Commission will then present a supplementary budget.

But both the UK and West Germany have proved unwilling so far to provide extra funds. Economies implemented immediately and delays in farm spending would still leave the EEC at least Ecu 1bn short.

As far as enlarging the Community is concerned, Ireland is faced with synchronising negotiations with Spain and Portugal so that both may enter

in January 1986. Most EEC states favour this, but France has in the past wanted delays on Spain.

Ireland must also: ● Bring to a conclusion negotiations on the formation of a new Commission. Dr Fitzgerald will take a list of names of candidates for Commission president with him when he honours the obligation to consult with Parliament leaders on July 24; ● See that a 1985 budget is worked out and negotiated through the Council and the Parliament;

● Sign a new Lomé Convention, linking the EEC with countries of Africa, the Caribbean and the Pacific in a trade and development pact. Potentially decisive negotiations on this took place yesterday and Thursday.

● Bring on to the books the EEC leaders' decision to increase national contributions to the EEC budget. The decision has to be ratified by national parliaments.

W. German pledge on conventional arms

BY JAMES BUCHAN IN BONN

WEST GERMANY has no intention of developing long-range bomber aircraft or missiles as it is now permitted to do under the amended Treaty of the Western European Union (WEU), according to Herr Juergen Moellmann, minister of state at the Bonn foreign ministry.

Herr Moellmann's assurance, in response to a question from the Greens in the Bundestag on Thursday night, follows the lifting of such restrictions on German conventional armament by meeting of the WEU council in London on Wednesday.

The step was a formal procedure in line with efforts to strengthen the WEU, the 1954 treaty which also commits the UK to station forces in Germany, in the hope of a greater European contribution to the defence of the West.

The movement for a "stronger European pillar" in the Western Alliance, which has gained steam above all in France, and West Germany, received an important boost on Thursday in the form of ambitious proposals for co-ordinating French and West German forces, put forward in parliament by Herr Helmut Schmidt, the

former Social Democrat (SPD) chancellor.

Speaking in the Bundestag for the first time this year, Herr Schmidt suggested that France should swallow its national misgivings "to extend the tasks of its autonomous nuclear force to include the protection of Germany." In addition, the 30 divisions that the two countries can field after mobilisation would be, on the basis of joint planning, "adequate to defend the western part of central Europe."

The plan, which would be based on the 1963 Franco-German treaty and fall comfortably within the Nato and WEU treaties, is intended not only to raise the nuclear threshold through more credible conventional defence, but also to tackle U.S. misgivings about the European contribution which lead periodically to isolationist ruminations.

Herr Schmidt suggested that the 30 Franco-German divisions, supported by the other allies, would permit "a considerable reduction in U.S. army units in Europe," while the U.S. would continue to provide reconnaissance capacity and strategic nuclear deterrence.

Defence spending freeze agreed by Danish parties

BY HILARY BARNES IN COPENHAGEN

THE DANISH defence budget will be virtually frozen at its present level in real terms for the next three years, according to a defence spending agreement between the minority non-socialist coalition government and the opposition Social Democratic Party.

The Social Democrats blocked increases requested by the Government. "Nobody must be able to call this a rearmament budget," said the leader of the Social Democratic Party, former Prime Minister, Mr Anker Jorgensen.

Austria raises discount rate to match W. Germany

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN National Bank raised the discount rate by a 1/2 point to 4 1/2 per cent yesterday to bring it into line with West Germany's also raised this week to 4 1/2 per cent.

This is the second increase in the Austrian rate since the beginning of the year to counteract a continued outflow of capital.

Following an earlier rise in the rate last March there was a marked reduction in capital outflows. The foreign exchange reserve of the National Bank

had also previously fallen by Sch 15bn (\$790m) to Sch 60bn between November and February this year.

But recently, there has been a renewed interest in foreign denominated bonds and securities and the outflow of capital is expected by some bankers to reach Sch 15bn for this year.

The enthusiasm for foreign paper has been spurred by the introduction on January 1 of a flat rate 7.5 per cent tax on interest paid on bonds and deposits, lowering real yields,

Two senior officers quit in Punjab reshuffle

By K. K. Sharma in New Delhi

MRS INDIRA GANDHI, the Indian Prime Minister, yesterday launched the second phase of her tough policy to control sectarian violence in Punjab by accepting the resignations of Mr Bhairaj Dutt Pandey as State Governor and Mr Pritam Singh Bhinder, Inspector General of Police.

Mrs Gandhi's administration in New Delhi let it be known that a thorough shake-up of Punjab's administration would take place and involve a majority of senior officers, many of whom are under a cloud of charges of having conspired with Sikh terrorists.

The reappointed governor and senior police chief were both handicapped men own gallantry to Mrs Gandhi, but they have been under strong criticism after the discovery of an arsenal of weapons in the Sikh's Golden Temple stronghold at Amritsar, which had been accumulated without the Punjab's authorities being aware of it.

A Government spokesman said yesterday that the original, almost complete list had been to flush out the terrorists from the Punjab's Sikh temples and then to restore normalcy as soon as possible.

Now, however, because the situation in which terrorists had gained the upper hand seemed to be the fault of local administration: "The Government proposes to make a thorough overhaul of the civil and police set-up... to make it an effective instrument for development and maintenance of law and order," he said.

The toughness of this second phase of government policy is illustrated by Mrs Gandhi's attitude to the Akali leader in now at liberty and no talks are proposed on Sikh demands.

The second rung of Akali officials planned to hold a meeting in Amritsar yesterday in discuss future action, but the principal organisers were arrested on Thursday night under the National Security Act, which allows detention without trial.

The arrests are meant to thwart further Sikh agitation while army operations are continuing. Indications are that curbs on political activity in the state will continue for some weeks and will not be lifted until conditions are seen to be stable.

Singapore plans to strengthen status of political opposition

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S 2.5m people, with years of experience of a one-party legislature, are to have a parliamentary opposition—by law.

Three Bills introduced in the Assembly yesterday, and virtually certain to be passed, provide for the election of three "non-constituency" members of an enlarged chamber at the next election, widely expected by December.

The move comes as a surprise, although senior members of the Government, including Mr Lee Kuan Yew, the Prime Minister, have long publicly launched the political opposition to the ruling People's Action Party.

The three Bills: ● Amend the constitution to provide for up to six additional non-constituency members "to ensure the representation in parliament of a minimum number of members from a political party or parties not forming the Government." Such MPs will not be allowed to vote on constitutional amendments, Supply Bills or no confidence motions. ● Amend the Elections Act, to provide for three non-constituency MPs if no opposition candidate is elected to parliament. Two would be elected if one opposition candidate is victorious, and one if two are. ● Enlarge the size of the present 75-member parliament to 79 seats from the next election. The seven new constituencies will be created, while three vanish. This is in line with the recom-



Prime Minister, Lee Kuan Yew

ment of the electoral boundaries commission. The non-constituency members will be elected according to the percentage of votes they poll. It is not immediately clear whether winners under the first-past-the-post system will have to make way for opposition candidates should they fail to win seats in their own right.

At present the parliament has only one opposition MP, Mr Ben Jayaratnam, who surprised the PAP by winning a by-election in 1981. He has since irritated the Government and clashed regularly with Mr Lee by asking awkward but pertinent questions.

Between 1965 and 1981, the PAP held all seats and has formed the Government since self-rule in 1959.

Iran allows UN observers to monitor pact on shelling

BY OUR MIDDLE EAST STAFF

IRAN agreed yesterday to allow United Nations observers to be stationed on its soil but stressed this did not imply any weakening of its resolve to continue the war against Iraq.

Both countries have now agreed to permit UN observers to monitor the agreement not to shell each other's cities. Ali Akbar Velayati, the Iranian Foreign Minister, yesterday dropped his earlier insistence that the UN observer team could only travel to the country when specifically requested.

Saudi Arabia has urged Iran and Iraq to end the war "through submission to just and honest mediation." In a statement to mark the end of Ramadan, the Muslim month of fasting, Crown Prince Abdullah

said that Islam represented "the supreme ideal of peace."

With tens of thousands of Iranian pilgrims due to visit the Islamic holy places in Saudi Arabia during the coming weeks, the authorities will be specially watchful of attempts to use the occasion for political purposes.

The Saudi Arabian airforce is maintaining close surveillance of Gulf shipping lanes in anticipation of an Iranian response to the two Iraqi strikes on tankers carrying Iranian oil exports earlier this week.

The Tribunal, the latest move to be hit, was still going yesterday and the Swiss manager of the vessel said the fire in the stern had been contained. There was now little risk of the cargo being lost.

El Salvador troops regain control of dam

By Our Foreign Staff

GOVERNMENT forces in El Salvador yesterday regained control of the country's largest hydro-electric dam after bitter fighting with left-wing guerrillas which cost at least 120 lives. The guerrillas held the dam for about 10 hours, inflicting \$3.5m worth of damage to its installations through sabotage.

According to a government spokesman, 400 guerrillas seized the dam just before dawn at Cerro Grande, 65 kilometres north of San Salvador. More guerrillas were deployed in the area at the same time to divert government troops stationed there and to harass reinforcements.

It was the most spectacular action carried out by the guerrillas since they blew up the Cucacatan Bridge across the Lempa River linking eastern and western El Salvador on January 1. President Jose Napoleon Duarte, who flew to the dam by helicopter after the guerrillas had been beaten back, said 50 government troops and 60 guerrillas had died. A further 40 soldiers were wounded.

A leader of the FMLN, the umbrella organisation which co-ordinates the five main guerrilla groups, yesterday telephoned a local radio station claiming only 15 of his men had been killed and estimating total casualties at 130.

He said: "We have reaffirmed the FMLN is winning the war. There is no military solution. Last week President Duarte appeared to harden his stance on negotiating with the FMLN

Egypt pessimistic about strict Sudanese regime

BY TONY WALKER IN CAIRO

EGYPTIAN LEADERS, alarmed by recent developments in Sudan, tried this week to persuade President Nimeiri to moderate his policy of imposing a strict Islamic code on his country. But there is little expectation in Cairo that the Sudanese President will change course despite widespread criticism of his policies in the West.

President Nimeiri returned to Khartoum from Egypt on Wednesday after consultations. He blamed the British Press for recent unfavourable publicity

over the extreme retribution meted out by Sudan's Islamic courts, which are ordering amputations for crimes such as robbery.

Egyptian officials say privately that to several rounds of discussions. President Mubarak raised concern about Sudanese policies, notably the imposition of Islamic law, which are fuelling internal dissent. But there is a sense of impotence about the Sudan in Cairo. Officials admit there is little Egypt can do to influence events there.

President Nimeiri is fighting a serious insurrection in southern Sudan, an estimated one-third of which is in rebel hands. Southern Sudanese rebels, who represent Christian and Anlist groups, are objecting to the imposition of Islamic law and are pursuing claims for autonomy.

Sudan's difficulties, including a large foreign debt, are also causing alarm in the U.S. But like Egypt, the U.S. has limited leverage in Khartoum under present circumstances. "President Nimeiri is in a mood where

he is impervious to pressure," said a senior European diplomat in Cairo this week.

Recent developments in Sudan pose a particular problem for Washington. Its Sudanese aid programme, worth about \$250m, in economic and military assistance in 1983, is being under domestic criticism.

Earlier this month three congressmen, including the chairman of the House Foreign Affairs Committee, wrote to Mr Shultz, the Secretary of State, expressing concern about

reports of "increasing repression and violence in Sudan."

The congressmen urged the president to suspend delivery of military equipment to Sudan. President Nimeiri told Western reporters in Cairo that the British press was responsible for his problems in the U.S. "Up to now I haven't got anything against the British Government," he said. "But the media is very, very bad. Some of the media who are working there are enemies of Sudan. Some of them originally are Communists."

Guatemalan poll will open U.S. aid options

BY DAVID WHITE IN GUATEMALA CITY

GUATEMALANS are due to elect an 82-member constituent assembly tomorrow in the penultimate stage of the military regime's tightly-managed reintroduction of democracy.

The election is regarded by U.S. diplomats here as a key step in the return to constitutional government, in line with the trend established by Washington's other main allies in the region. El Salvador and Honduras. U.S. military aid to Guatemala was suspended in 1977 because of the military regime's refusal to comply with President Carter's human rights requirements.

Guatemalan compliance with democratic forms will open the way to the resumption of badly-needed aid flows, and the country's greater integration into the Reagan Administration's Central American policy.

David Gardner on the background to an election that the U.S. hopes will strengthen its position in Central America

Guatemala's 30,000 man army is widely regarded as the most formidable, as well as the most brutal, in the region.

The assembly's brief is to draw up a new constitution leading to elections to the legislature and presidency next year. It will also draw up new electoral and habeus corpus laws.

Guatemala's 2.5m registered voters, out of a population just under 5m, have a choice of 17 parties: 8 from the far Right, 6 from the Right and Centre Right, with the Christian Democrats in the Centre and two small Centre Left options.

The election campaign has been very downbeat, even allowing for the cynicism fostered by persistent fraud and violence in the five polls of the last 18 years. Turnout is expected to be low. Though violence is down on the levels of two years ago, at the height of the "pacification" campaign against the guerrillas, killings and disappearances are still widespread.

According to the U.S. Embassy, killings have been running at 124 a month, and abductions have risen to an average 42 a month, in the 10 months since General Oscar Mejia Victores deposed his predecessor, the born-again Christian General Efraim Rios Montt.

The violence has set tight limits to a political spectrum dominated by the far right, and in particular the National Liberation Movement (MLN) led by the veteran Mario Sandoval. The centrist Christian Democrats have had over 400 of their activists murdered in the past five years, while the main social democrat formation, the PSD, has decided not to contest the poll because of what it sees as insufficient guarantees for its safety.

The MLN and Christian Democrats are likely to lead the poll with around a third of the vote each. The Christian Democrats have picked up some of the private sector backing normally behind Sr Sandoval's MLN.

This balance may, however,



Map of Central America showing Guatemala, El Salvador, Honduras, and Nicaragua

Venezuela debt restructuring talks to start

By Joe Mann in Caracas

THE VENEZUELAN Government said yesterday that formal talks on restructuring \$27bn in public sector foreign debt would begin on July 23.

Foreign bankers in Caracas, who until now had been reluctant to set a formal date for Venezuela's restructuring talks, said that the date "seemed quite likely" if the Government showed "considerable progress" in allowing payment of more than \$1bn in private sector foreign interest arrears.

Wells Fargo bank said that the Government had begun to make payment on long-overdue interest from several private sector clients, and that it had received \$10m in interest yesterday.

The fact that the government of President Jaime Lusinchi is permitting payment of private sector interest is important, since banks have said they will begin refinancing talks on the Government's debt until the Government began disbursing private sector interest.

Private sector foreign debt is estimated at between \$3bn to \$10bn. Bankers said that the government "reasonably current" on its own interest payments, but significant interest payments have been made on private sector outstandings

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Well not to

Lords present Thatcher with a tough constitutional problem

THE HOUSE OF LORDS, in rejecting Government plans to cancel next year's elections to the Greater London Council and the six metropolitan county councils, has presented Mrs Thatcher with not only her worst defeat as Prime Minister but also a tough constitutional problem.

The Government's information machine moved into top gear yesterday to quash suggestions that it could face a constitutional crisis, that ministers were panicking or, indeed that they were more than mildly upset.

However, in spite of a defiant statement by Mr Patrick Jenkin, the Environment Secretary, in the Commons yesterday that the Government remains determined that the elections shall not take place—and despite the insistence from all Government quarters that there are many options and plenty of time for ensuring this—it was clear that the Government has no idea at this stage how it will succeed. The Cabinet is expected to hold a special meeting next week to decide.

The defeat came on Thursday night when the Lords approved by 191 votes to 143, an Opposition amendment which prevents the clauses cancelling the elections from taking effect until the main Bill abolishing the councils becomes law. This cannot happen until well after the elections fall due next May.

In theory the Government

could seek to overturn the vote during the report stage of the Bill, during its third reading in the Lords, or when it returns to the Commons.

However, the first two options are likely to be dismissed. Convention decrees that the third reading should not be used to reverse decisions taken at the committee stage and it is extremely rare for a government to seek to do so during the report stage. This, as the Government appears aware, would be regarded as blatant discourtesy to the Lords.

When the Bill returns for consideration the Commons could simply reject the Lords amendment. However, since the Bill would then return to the Lords for final approval, this would be at the risk of a major constitutional crisis, for the Lords could, if they wished, withhold consent and so delay the Bill for one year. Since this would defeat the whole purpose of the "paving Bill," it would bring the Upper House into direct confrontation with the Government.

The Government could, however, seek a compromise—introducing its own amendment to try to meet the Lords halfway. One option, which ministers have already indicated might be acceptable, would be to extend the terms of the present councils until the main Bill becomes law.

This proposal, based on ideas put forward by Lord Mount-

Margaret van Hattem on the election Bill defeat



Lord Cledwyn, Lord Denham and Patrick Jenkin... central figures in yesterday's upset for the Government

garret, would help appease those peers who object to the Government's strategy insofar as it seeks to change the political complexion of the councils without elections.

But it is not yet clear whether this would satisfy sufficient numbers to assure the Government of a majority and a great deal of behind-the-scenes negotiation would be required for, in view of the Government's determination to cancel the

elections, it cannot afford a second defeat.

The Government appeared yesterday to have been completely taken aback not merely by the defeat itself but by its scale. The number of its supporters prepared to turn up and vote, compared with the vote two weeks ago on the Bill's second reading in the Lords, had dropped by nearly 100.

Yet the warning signs were

there. For the terms of the second reading debate made clear that while most of the Tory peers approve of the Government's plans to abolish the councils, many have deep reservations about the way it is being done.

Aware of this, Lord Denham, the Chief Government whip, pulled out all stops, presenting the issue as a vote of confidence. Even this, however, secured a majority of only 20 on the

second reading — a warning that there would be difficulties in the committee stage.

Possibly attempting to head off trouble, Ministers let it be known that they were prepared to make considerable concessions in order to safeguard what they called "the bottom line"—cancellation of the elections. Lord Mountgarret's ideas were raised in this context and Mr Jenkin later issued a statement declaring his support for an amendment from three cross-bench peers giving both houses a further chance to vote on the Bill.

None of these hints appear to have fallen on receptive ears. Meanwhile, the Government whips, always loth to put too much pressure on their supporters, did not repeat their earlier efforts. But the Opposition led by Lord Cledwyn had no such qualms. They sent out the Upper House equivalent of a three line whip (the Lords' whipping arrangements are less formal than those in the Commons) and while Government support dropped from 237 to 143, the Opposition vote eased from 217 to 191. The defection of six Government supporters to the Opposition lobbies, while symptomatic of Tory unease, was not a major factor.

The reluctance of Tory peers to turn up appears due mainly to their concern over the constitutional implications of the Government's strategy. Their concern is shared by many on

the Government benches in the Commons—a factor which could limit the Government's options in trying to reverse Thursday night's vote.

Their fears were summed up by Lord Moulson, one of the rebel peers, who said the procedure was "unprecedented and unconstitutional."

He said: "Considerations of expediency and convenience should not be allowed to outweigh constitutional principles. The end does not justify the means."

He suggested that the Government was attempting to bypass both the Queen and the House of Lords in abolishing the elections before the main Bill abolishing the councils had been passed in both Houses and received the Royal Assent.

"The assumption is that the unassailable Tory majority in the Commons will act... as an elected dictatorship," he said.

Suggestions that the Government is taking its support too much for granted are not confined to the Upper House.

Mr Cecil Banks (Con, Barrow in Furness) rebuked Mr Jenkin's Commons statement yesterday, warning him not to rely on the support of the Tory benches a second time.

"Many of us regard it as constitutionally wrong and something we would expect from the Fascist Left and not from the Government," Mr Banks said. "The political crisis is channeled without an election," he said.

Fare rises on way as GLC loses LT

By Robin Pauley

THE Greater London Council lost control of London Transport yesterday when the Department of Transport took over. The switch will mean by Underground fare increases of about 10 per cent by next spring.

The change occurs as a result of the Bill to create London Regional Transport, which received the Royal Assent in week. Mr Nicholas Ridley, Transport Secretary, told several part-time members of the I board that they would not be appointed to the new board. Most had been appointed by the GLC.

Mr Ridley announced several replacements yesterday to help up his earlier claim that it was not a political exercise. The LT executive needed the support of a restructured board. I said strike had been a feature of the old board, which was "the interests of no one served because the GLC was not a political body."

The new members are: Keith Brown, 41, stockbroker; Elton Cole, 60, chief executive of Unilever's market research section; Dr Stephen Jenkin, 51, economist; Simon Jenkin, 41, journalist; Kenneth Jones, 55, former GLC engineer; Neil Robinson, 50, a director of D-Benham; and Patricia Steel, 33, secretary of the Institute of Highway and Transportation.

Mr Keith Bright, LT chairman, said the shake-up is a sign of a new era in the future. His deputy will be David Hardy, 53, chief executive of the investment trust one of the GLC's largest.

Mr Ridley said the new board's main objective would be:

- Investment to introduce modern ticketing technology and eliminate fraud;
- Better bus services, privatisation to encourage competition on bus routes, and private operators working on contract to LT;
- Opening closer links with British Rail services;
- Privatisation of services such as catering and cleaning;
- A cut in the £400m a year LT subsidy from ratepayers and taxpayers.

W. Germans set for August car sales drive

By JOHN GRIFFITHS

WEST GERMAN car makers are next week expected to start a major drive to build right-hand-drive models specially for the UK's August sales boom.

Production plans are being laid in the light of the expected return to work by West German metalworkers after a strike which has lasted since May.

A certain result of the dispute's settlement is that there is no prospect of it achieving what Ford, in particular, had tried for so long to bring about—and that to the UK new car price discounting war.

More than 20 per cent of annual new car sales are noched up in August—a month which is one of the quietest sales periods in Continental markets.

All the major manufacturers, notably Ford, Vauxhall/Opel and Austin Rover, say they will have adequate supplies to meet August demand. And when Volkswagen goes back to work on Monday, it plans to seek volunteers to work a single shift through two of the three weeks of the annual break starting on July 23.

The aim is to build primarily right-hand-drive cars for the UK. The holiday working plan should produce 30,000 extra cars compared with the total of 160,000 last during the dispute.

Mr Brian Bowler, Volkswagen's UK sales and marketing director, said the return to work has come "in the nick of time to avoid a significant loss of sales during August."

With the considerable advance warning given of the strike, companies like Ford and Vauxhall/Opel were careful to build up stocks. And with July a depressed sales month ahead of the August peak—a typical July sales are less than one sixth the August level—"supplies won't now be seriously affected," Ford said yesterday.

In Ford's case, only Capri, Granada and West German production was hit by the strike—output of Escorts, Orion and Fiesta was unaffected. UK production of the high-performance XR3i version of the Escort was also threatened

by the shutdown of fuel injection supplier Robert Bosch.

However, the Halwood plant making the XR3i received enough stock to stay in production and, even if the resumption of supplies from Robert Bosch, is delayed—the company was one of the first to be hit by the strike—there should be no significant shortages.

The situation with Vauxhall/Opel is slightly more uncertain. Strikers in the Hesse region containing the main Russelsheim plant are not expected to decide whether to accept the settlement until early next week. Nevertheless, it hopes to resume production next week of Ascota, available in the UK, Rekord (Vauxhall Carlton), Senator and Monza models.

Vauxhall is heavily dependent on the Russelsheim plant not just for imports of fully-assembled Cavaliers, Carillons, Senators and Monzas, but for the kits from which it builds the Cavalier.

Over 50 per cent of its sales are direct imports, while 60 per cent of Ford's cars are now manufactured in the UK, using mainly UK-sourced components. Nevertheless, dealer stocks are described as adequate, while so far only its commercial vehicles associate, Bedford, has been hit by the strike. Production of the GP van halted last week.

Austin Rover can expect to escape production disruption to its Maestro and Montego models, which use VW gearboxes, and to the MB Montego which uses West German Mahle pistons.

Jaguar's potential vulnerability to shortages of West German Getrag manual gearboxes now also appears to be at an end.

BMW, which lost 50,000 cars in the strike and Daimler Benz, which lost 75,000 cars, are also expected to focus production on the UK August market.

Saab and Volvo, whose output of some fuel injection models—again dependent on Bosch—has also been disrupted, say that they too expect to have adequate supplies to meet immediate UK demand.

A pocket computer for less than £100

By Alan Cane

A POWERFUL COMPUTER for £98.95, which fits into a jacket pocket was launched yesterday by Pison, the British company best known for programs it has written for Sir Clive Sinclair's home computers.

The new computer, called the "Organiser," includes technological innovations which place it among the most advanced devices of its kind. Its programs and data are held in small plastic packs which plug into sockets in the computer.

The computer is an attempt to make available easily usable computing power at a low price.

One of its most important uses is as a portable filing system, according to Dr David Potter, Pison's managing director: "Its unlimited growth potential as a pocket filing system for vital day-to-day information will make it appeal to a cross-section of the public, including students and those involved in management, engineering, technology, sales and accountancy."

Home computer market trembles, Page 17

GKN to buy Smiths motor part subsidiaries

By IAN RODGER

GUEST KEEN and Nettlefolds is trying again to raise its stake in the fragmented UK motor components distribution sector.

The big engineering group has agreed to buy the Godfrey Holmes and Affiliated Factors subsidiaries of Smith Industries.

Two months ago the Monopolies Commission blocked GKN's takeover bid for AE, a company active in both component manufacturing and distribution.

GKN's UK distribution business had a turnover of about £40m in 1983, and a 2.4 per cent

market share. The Smiths subsidiaries had turnover of just over £30m and a market share of under 2 per cent. The car manufacturers have just over half the market, and the remainder is split among seven groups, including Quinton Hazell, Brown Brothers, Lucas, Automotive Products, AE, GKN and Smiths.

GKN's Autoparts business in the UK suffered losses of £1.1m in 1980, £4.2m in 1981, £4m in 1982 and £2.3m in the first eight months of last year. The Smiths

businesses are said to be marginally profitable.

GKN has identified motor component distribution as a sector in which it wants a strong international presence. It acquired a U.S. company four years ago and has built it into the second largest independent distributor in that country, with a 10 per cent market share.

Now it wants to lead a rationalisation of the sector in the UK.

Smiths, on the other hand, has been withdrawing from motor component manufacturing, and so it makes sense also to withdraw from distribution.

Its Godfrey Holmes subsidiary has 70 branches specialising in the distribution of passenger, commercial and agricultural vehicles components. Affiliated Factors has 50 branches specialising in paint, garage equipment and associated products for the vehicle refurbishing sector.

GKN said some detailed negotiations were still to be completed on the deal, and it would be subject to clearance by the Office of Fair Trading.

Better accounting urged for burglar alarm groups

By CHARLES BATCHELOR

TOUGHER and more consistent accounting standards should be applied to companies which install domestic and commercial burglar alarms, the British Security Industry Association said yesterday.

The BSIA, which represents companies across the spectrum of the security industry, is to try to obtain the agreement of the Accounting Standards Committee, which monitors accounting procedures, for a new set of standards for alarm companies. These standards would be laid down in what the committee calls a franked statement of recommended practice.

Some alarm installation companies have been criticised for applying unduly generous accounting standards which have allowed them to report high initial levels of earnings but which could have reduced profits in later years.

Alarm companies should ensure they properly match revenues and costs, the study said. When costs are capitalised and carried forward there must be a reasonable expectation that these costs will be at least covered by future revenues from the same assets.

Kuwaiti bank enters UK mortgage market

By MARGARET HUGHES

UNITED BANK of Kuwait is entering the UK mortgage market offering loans to home buyers at the top end of the market. UBK, which is owned by major Kuwaiti financial institutions, is a UK recognised bank with assets of £1.6m.

The bank is aiming for the £50,000-plus market, and has set £40,000 as its minimum mortgage.

Interest rates will be variable, moving in line with UBK's base rate. At present rates the mortgages will be at 10.75 per cent, or 11.25 per cent annual percentage rate.

Unlike other banks and building societies borrowers will pay no more for endowment mortgages than they do for straight repayment loans. As with other banks, there will be an arrangement or commitment fee, in this case 1 per cent.

All current interest rates UBK

British Steel to shed 550 jobs

A TOTAL of 550 jobs are to go at British Steel's Stanton and Staveley works in Derbyshire and Leicestershire, it was announced yesterday.

The Stanton works, near Ilkeston, is to lose 375 jobs leaving a workforce of 1,500. There will be 150 redundancies at Staveley near Chesterfield and 25 at Ilkwell, Melton Mowbray, Leicestershire.

British Steel said "The reductions in the labour force are necessary due to a serious shortfall in orders and heavy financial losses, but we hope to achieve them on a voluntary basis."

All 118 employees of Bessley French and Company, a manufacturer of metal converting machines in Bristol, are to lose their jobs because of continuing lack of demand for the company's products and continuing heavy losses.

The Hstcliffe Way, factory will close in September.

Value of oil output rises

By DOMINIC LAWSON

THE DAIL value of the UK's oil production in May rose by almost £1m to £34m, according to figures released yesterday by the Royal Bank of Scotland.

This was a reflection of currency movements rather than production increases. North Sea production was the lowest for seven months at 2.52m barrels a day. But as oil is priced in U.S. dollars, the rise

IPC sells Titbits name

By SUE CAMERON

THE International Publishing Corporation is believed to have sold the Titbits name to Associated Newspapers so it can be incorporated in its own publication, Weekend.

Neither IPC nor Associated Newspapers would comment last night, but any deal would involve only a small sum—probably less than £2,000.

IPC announced that the weekly Titbits was closing

Foreign objects discovery halts reactor start-up

By David Fishlock, Science Editor

PLANS TO start up Britain's latest advanced gas-cooled reactor have been halted following the discovery of two foreign objects in the reactor. Engineers discovered the foreign objects in the second reactor of the Heysham AGR station of the Central Electricity Board in Lancashire.

The station is being built by the National Nuclear Corporation, a design of the GE-led Westinghouse division of the company. The first reactor, commissioned earlier this year, is delivering about 380 Mw to the national grid.

A CEB spokesman said yesterday that the Nuclear Installations Inspectorate had been told of the problem. It hoped to restart commissioning once the plates had been removed, in about two weeks, he said.

It is believed that, because the commissioning tests were being done at low power levels, no damage was suffered by the two fuel channels involved.

The 1,300 Mw Heysham station, with two 660 Mw reactors, was ordered in 1970 and originally scheduled for completion in 1976. Its design differs from that of the high-performance Hinkley and Wylfa reactors, the subject of a £2m public inquiry this week.

David Fishlock talks to the reprocessing director recently appointed by BNFL

By SUE CAMERON

He sees it as far more complicated than running reactors, and still requiring human skill and intuition for the successful conduct of operations. The challenge, as in centrifuge operations, is to construct a system that picks up every human mistake in good time to remedy it safely.

The release of radioactive solvent during maintenance operations of the reprocessing plant last autumn has given Sellafield a bad image inside and outside the nuclear industry. "A spectacular own goal," Mr Allday has called it. The industry sees it as "having let the side down."

"We've been made to look like a bunch of cowboys," Mr Steele admits wryly. "But the truth is far from that."

As a newcomer he believes that a fair appraisal of Sellafield's safety record shows it compares favourably with any other industry in the mistakes it has made. "Unfortunately for us, we can't afford to make mistakes."

Figures for the clean-up of local beaches give some perspective to the importance of its mistake last autumn. The company has swept up 200 tonnes

Leyland, Freight Rover supplier ceases trading

By JOHN GRIFFITHS

NAM SPECIAL VEHICLES, the Devon-based producer of four-wheel-drive systems for Freight Rover's Sherpa, Leyland trucks and other vehicles, has ceased trading.

Most of its 80 staff at the large Newton Abbot plant, acquired from GKN in 1982, have been made redundant.

The precise future of the company, which is privately owned, remained unclear last night. A firm of Torquay accountants, Bishop Fleming Pedlow and Company, is understood to have been called in to draw up a statement of the company's affairs.

It said last night that the company's chief shareholder, Mr David Bowen, was on holiday and could not be contacted.

Freight Rover, for which NAM has built 200 four-wheel-drive Shermas as part of Freight Rover's mainstream product range, confirmed that Freight Rover was now looking for alternative suppliers.

Leyland Vehicles is switching to Reynolds Boughton, a Buckinghamshire-based engi-

neering company also producing all-wheel-drive systems, as an alternative supplier for conversions to mainly its Land-master trucks, sold in all wheel drive form in several African countries.

NAM has also produced conversions on Ford vans and trucks, and had been developing conversions for Dodge and Daimler-Benz trucks on an unofficial basis.

Its problems appear to have begun last year, when a deal with Volkswagen to supply conversions to VW's LT medium vans range, for marketing on a world-wide basis, fell through unexpectedly.

A particular problem for Freight Rover is that NAM had reached the prototype stage on a four-wheel-drive version of the 3.5 ton MT210 Sherpa, from which Freight Rover had been expecting considerable sales.

The majority of NAM's staff was laid off 11 days ago.

Up to the end of last year NAM had appeared to be one of the industrial success stories of Devon.

New man at Sellafield finds his work cut out

MR GORDON STEELE, is the newly-appointed director of reprocessing operations at the Sellafield factory of British Nuclear Fuels in Cumbria, remarks ruefully that there was no period of grace when he took up the job.

A reshuffle of top management in reprocessing operations for spent nuclear fuel, following the highly-publicised contamination of Cumbria's beaches last autumn, has brought Mr Steele, 53, to Sellafield from BNFL's smaller Springfields factory near Preston, where the fuel is made. He reports directly to Mr Con Allday, BNFL chairman and chief executive.

He arrived at the same time as the police finished their investigation of the beach contamination. Almost immediately he has been faced with the need to call in the police himself, to investigate why highly radioactive material should be hidden in an area where radiation workers change in and out of protective clothes.

Mr Steele takes on a factory with, as he puts it, "all the problems of running a town." About 10,000 work at the factory, including some 3,000 employees

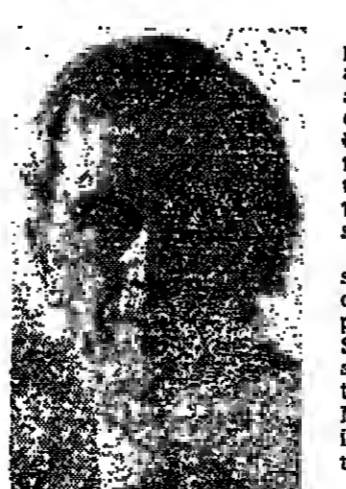
of contractors engaged in a re-construction of the factory while it continues to work flat out.

About £200m was spent on rebuilding and expanding Sellafield last year. The investment must be pushed to about £300m a year if the programme is to keep to a tight schedule. It includes Britain's biggest single construction project, the £1.2bn thermal oxide reprocessing plant, first civil contracts for which are now being placed.

Mr Steele is a physicist with a flair for managing complex chemical operations. He cut his teeth in the 1960s when trouble loomed for BNFL's new ultra-centrifuge technology, requiring thousands of high-duty machines to run in harmony.

This got him interested in trying out on operations with "zero error," he says. "We did it in the end by tremendous discipline." The centrifuge factory went to extraordinary lengths, with at least two people checking every detail before any attempt was made to "fly" the fast-spinning machines.

This experience made him acutely aware of the risks of human error. "Ever astronauts, the most highly-trained men in



Mr Gordon Steele: director of reprocessing at Sellafield

history, have still made mistakes."

Sellafield has been criticised by the power station side of the nuclear industry for not being "fall-safe," i.e. that Mr Steele thinks that this is an impossible demand. His responsibility is for a series of chemical processing operations to separate and deal independently with the various ingredients of nuclear fuel.

of fission and rubbish from 15 miles of beaches. It includes a total of one-hundredth of a curie of radioactivity.

Sellafield is authorised by the Environment Department to discharge up to 6,000 curies of alpha-activity, and up to 300,000 curies of beta-gamma activity, into the Irish Sea each year.

The radio-active debris collected was so weakly active that BNFL has dumped it on the factory's own non-active rubbish dump.

Two big changes can confidently be forecast for the new management regime at Sellafield. One is a much more decentralised style of management, more like the one Mr Steele established at Springfields. His former deputy there is to join him soon.

The other change concerns Sellafield's public image. As an amateur ornithologist, he found walking the fells at weekends, he starts with a personal image quite different from that of his predecessors. "I'd like to think we could shake some of those fears which seem to grow bigger the further people are from the factory," he says.

Societe Generale in London name change

SOCIETE GENERALE BANK, the London merchant banking arm of Societe Generale, Paris, has changed its name to Societe General Merchant Bank.

This is to reflect the growing demand for traditional merchant banking services offered in an international client base. It is the only London-based merchant banking subsidiary of any French bank.

Insurance and pension institutions invest £3.9bn

FINANCIAL TIMES REPORTER

INSURANCE COMPANIES and pension funds made net investments of £3.9bn in the first six months of this year, little changed from the level for the quarter of 1983. However, the institutions parted a bigger share of the £4.1bn into government securities and into the domestic equity market, according to a report published yesterday by the British Insurance Association.

Within that total, purchases of UK shares jumped by nearly 30 per cent to a net figure of £635m, while the amount of cash channelled into government securities rose by 29 per cent to £520m. Increases in those sectors were offset by falls in investments in land and property in the UK and in foreign government securities. Holdings of cash and short-term assets by long-term insurance funds rose by £460m during the first quarter to £2.5bn. There was a net disinvestment of £80m, however,

Better air services for towns and cities urged

By Michael Deena, Aereport Correspondent

MORE AND better air services, both domestic and international, for Britain's towns and cities are called for in a report to the Government by the Air Transport Users' Committee. The committee, which advises the Civil Aviation Authority and the Government on air transport matters from the consumer's viewpoint, expresses particular concern at the Government's proposed ceiling on air transport movements at Heathrow of 275,000 a year from the end of 1985, after terminal four has become operational.

Austin chief warns over strikes

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MOUNTING CONCERN at Austin Rover about the recent spate of unconsolidated stoppages has prompted Mr Harold Musgrove, the chairman, to write to the homes of all 38,000 workers warning of the consequences. The company is concerned that strikes which hit investment would curtail employment growth and could force the company to buy components elsewhere—possibly overseas.

Profits from sales were the only way to earn the money for new investment and wage increases. Any shortfall in investment would be accommodated not by deleting new projects but by buying elsewhere components which Austin Rover would otherwise have made. "The obvious effect of this is a reduction in the numbers of employees who would require in the future, and if components have to be bought overseas, a reduction in employment prospects in the engineering industry," the letter says.

been caused by relatively small groups of workers who ignored agreed trade union procedures. The most publicised recent dispute was at Longbridge, Birmingham, where the dismissal of a black worker who hit a supervisor provoked a two week strike. There have been numerous other unofficial walk-outs both at Longbridge and Cowley, Oxford. Mr Musgrove writes: "The time when we could count on government funding to meet our needs is at an end."



Mr Harold Musgrove, chairman of Austin Rover

Trouser manufacturers' profits hit by competition

BY JAMES McDONALD

INTENSE national and international competition among trouser manufacturers has contributed to low profit margins, British companies, according to a report published yesterday by the British Clothing Centre. The report suggests that, instead of profit margins of 5 per cent on sales, the target should be 10 per cent. The centre believes improved control of wages, salaries and employment costs could help achieve this.

There could be a potential 20 per cent increase in productivity from improved work flow and operator performance, according to the report. Mr Norman Lamont, Minister of State for Industry, yesterday told the centre's annual meeting of a need for caution in the introduction of new technology by small British clothing companies. "We can aim to have an industry which is as well equipped as its competitors. But there are no magic machines which can ensure that a small firm in Leeds can do a similar small firm in Hong Kong. Technology spreads quickly throughout the world."

Italian group considers UK electronics site

Financial Times Reporter

SGS Ates, Italy's leading micro-electronics company, is considering manufacturing electronics components in the UK. The company is committed to expansion in Europe. The UK is therefore a strong possibility. SGS Ates is part of the IRI-STET state-owned holding group but is run on the lines of a U.S. electronics group. It has been investing heavily in factories and equipment during the past three years. The company has announced several large investments, including a silicon chip factory in the US. This will be a \$100m (£74m) plant, which will be operational by September next year. If a UK project were to go ahead, a similar investment would be needed.

EEC to push on working time

BY BRIAN GROOM, LABOUR STAFF

THE EUROPEAN Commission will try to persuade Britain to come into line with its nine EEC partners by the end of the year in supporting a reduction in working time as a possible means of creating jobs. The EEC summit in Fontainebleau earlier this week failed to resolve a dispute between the UK and other members which arose on June 7. At that meeting, Mr Tom King, the Secretary for Employment, blocked formal adoption of a recommendation on shorter working time because he felt it gave "the wrong signal," even though it was extremely cautious and stipulated that any reduction should be achieved without an increase in unit labour costs. The number of other social affairs ministers who adopted a highly-unusual tactic to prevent themselves being robbed of a declaration they regarded as an important demonstration of the Community's response to high unemployment.

case take decisions of this nature. The Commission intends to pursue efforts to turn what it calls a "nine-member consensus" into a ten-member agreement. No social affairs council is scheduled to take place before December 13, but the recommendation could be decided at any of the other ministers' councils if Britain changed its mind. The Foreign Office said yesterday, however, that the UK position remained unchanged. The Commission regards its recommendation as carrying moral weight in the fight against unemployment in the nine countries which have agreed to it, even though it has not been formally adopted. The number of unemployed registered in the EEC in April was 12.56m.

Health staff seek support for fight to keep services

By David Brindley, Labour Staff

THE LEADING health workers' unions are struggling to persuade the Government to see a test-case dispute over contracting-out of hospital services. A patchy response is expected to the call this week by the annual conference of the Confederation of Health Service Employees for national industrial action by its members in support of strikes at Hammersmith Hospital, West London. The National Union of Public Employees has so far failed to deliver national action, as called for by its conference, in support of strikers in a second dispute at Barking Hospital, East London. Leaders of both unions believe they will have to mount major campaigns among the National Health Service's 260,000 ancillary workers to alert them to the implications of contracting-out of their catering, cleaning and portering tasks. According to the Hammersmith and Queen Charlotte's Special Health Authority, fewer than 80 of the 200 cleaners at Hammersmith Hospital are taking part in the strike over contracting-out of their work. The dispute began when the unions discovered the terms of the tender prepared by the health authority to retain the £900,000-a-year cleaning contract in-house in the face of competition from six contractors. The unions say that the tender would involve 41 workers losing their jobs and would mean an average 50 per cent pay cut for the remainder because of shorter working hours. The number of staff with full-time posts would fall from 118 to 15.

Rig yard deal fails win order

THE DECISION by Total, the French oil company, to place a \$5m order with the RGC offshore construction yard at Kethil, Fife, is a particularly sharp blow for Highland Fabricators. Total's order is for the second jacket or legs for the North Alyn field development, north-east of Shetland. Highland Fabricators' Nigg yard, in north-east Scotland, has had no work since May 10. Its last order provided work for up to 5,000 but for the last six weeks employment has been reduced to 74 core and maintenance staff with 234 people laid-off. There were high hopes for the Total order because a deal struck between unions and management—due to be implemented on July 1—would mean a 50 per cent cut in overheads, according to the company. Mr Rab Wilson, Nigg convenor, had been busy over the

David Goodhart on how Total dashed Highland Fabricators' hopes

past few weeks telling Government and potential customers that the days of union militancy were dead. He said Nigg has never suffered from especially bad industrial relations; that the 102 days lost since 1972 compares well with other yards and last year's five-week strike over new working practices was an aberration. However, the historical comparisons are viewed the new arrangements, if they stick, will certainly save the company money. The elements are: ● a 2.5 per cent pay rise postponed to January with 1.5 per cent for unskilled; ● the travel allowance to

workers living within a 40-mile radius of Nigg has been ended—with estimated savings to the company of more than £1m; ● tighter agreement on "bell to bell" working with showers to be taken in employees' time; ● secret ballots before industrial action. A company statement on conditions and terms of employment, the negotiation of which led to last year's five-week strike, has been accepted. The only point of difference between management and unions seems to be how much of the plan was already in practice. Mr John Collins, of Brown and Root (joint owners with Wimpey) said: "It's true many points in our plan were already in the works' agreement but they had been allowed to slip. He said all 11 jackets produced at Nigg since 1972 had been completed on time and that two years ago a £20 a week pay cut was accepted.

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Closed shop case may go to Strasbourg

BY OUR LABOUR STAFF

MR JIM SACKALS, a bus driver from Corby in Northants, may challenge Britain's closed shop system at the European Court of Human Rights, in Strasbourg. On Thursday, Mr Sackals lost an appeal before an Employment Appeal Tribunal in London, which upheld the earlier ruling by a Leicester industrial tribunal that he was not unfairly dismissed. Mr Sackals was sacked by United Counties Omnibus, after 21 years' employment last year because he left the Transport and General Workers' Union. He contended that his dismissal was unfair under the Employment Act 1980, which allowed employees to refuse union membership, "on the grounds of conscience or other deeply-held personal conviction." The tribunal found that Mr Sackals' central objection was to being compelled to join a union—that is, in the closed shop—rather than to union membership in itself. It decided that this did not come within the Act's provisions. Mr Gerard Hartup, national organiser of the Fighting Freedom Association, which represented Mr Sackals, argued that the Act should be interpreted differently. It should, he thought, conform with Article 11.1 of the European Convention on Human Rights. This guarantees to everyone the right "to freedom of association with others, including the right to form and to join trade unions."

Mr Hartup argues that the issue is important, even though closed shops could be seriously weakened in November when the ballooning provisions of the 1982 Employment Act take effect requiring existing closed shops to be endorsed by 80 per cent of members to retain their legal status. A ruling by the European Court that it was wrong for anyone to be compelled to join a union might virtually eliminate the closed shop, if the British Government accepted it. To reject it would mean repudiating the European Convention, to which Britain is a signatory. The process could take up to three years. The association won an important case four years ago on behalf of three railwaymen dismissed by British Rail. However, that ruling stuck to the specifics of the case rather than the general principle of compulsory union membership.

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BASE LENDING RATES

A.B.N. Bank	9 1/2%	Heritable & Gen Trust	9 1/2%
Allied Irish Bank	9 1/2%	C. Hoare & Co.	9 1/2%
Amro	9 1/2%	Hongkong & Shanghai	9 1/2%
Henry Ansbacher	9 1/2%	Kingsnorth Trust Ltd	10%
Armo Trust Limited	9 1/2%	Knowles & Co. Ltd.	9 1/2%
Associates Cap. Corp.	9 1/2%	Lloyds Bank	9 1/2%
Banco de Bilbao	9 1/2%	Mallinbank Limited	9 1/2%
Bank Hapoalim BM	9 1/2%	Edward Manson & Co.	10 1/2%
BCCI	9 1/2%	Meshray and Sons Ltd.	9 1/2%
Bank of Ireland	9 1/2%	Midland Bank	9 1/2%
Bank of Cyprus	9 1/2%	Morgan Grenfell	9%
Bank of India	9 1/2%	National BK of Kuwait	9 1/2%
Bank of Scotland	9 1/2%	P. S. Refson & Co.	9 1/2%
Banknote Belg. Ltd.	9 1/2%	National Westminster	9 1/2%
Barclays Bank	9 1/2%	Norwich Gen. Tst.	9 1/2%
Beneficial Trust Ltd.	10%	People's Tst. & Sv. Ltd	10%
Bremer Holdings Ltd.	9%	R. Raphael & Sons	9 1/2%
Brit. Bank of Mid. East	9 1/2%	Westpac Banking Corp	9 1/2%
Banknote Belg. Ltd.	9 1/2%	Roxburgh & Guaratee	9 1/2%
BCCI	9 1/2%	Royal Trust Co. Canada	9 1/2%
Canada Parant Trust	9 1/2%	J. Henry Schroder Wagn	9 1/2%
Castle Court Trust Ltd.	9 1/2%	Standard Chartered	9 1/2%
Cayzer Ltd.	9 1/2%	Trade Dev. Bank	9 1/2%
Cedar Holdings	9%	Trustee Savings Bank	9 1/2%
Charterhouse Japhet	10 1/2%	United Bank of Kuwait	9 1/2%
Choulatons	10 1/2%	United Mizrah Bank	9 1/2%
Citibank NA	9 1/2%	Wolfskals Limited	9 1/2%
Citibank Savings	9 1/2%	Westpac Banking Corp	9 1/2%
Clydesdale Bank	9 1/2%	Whiteway Laidlaw	9 1/2%
C. E. Coates & Co. Ltd.	10 1/2%	Williams & Glyn's	9 1/2%
Commer. Bk. N. East	9 1/2%	Winttrust Secs Ltd.	9 1/2%
Consolidated Credits	9 1/2%	Yorkshire Bank	9 1/2%
Co-operative Bank	9 1/2%	Member of the Accepting Houses Committee.	
The Cyprus Popular BK	9 1/2%	7-day deposits 8.75%, 1-month 8.25%, 3-month 8.5%, 6-month 8.75%, 12-month 9.25%	
Dunlop Lawrie	9 1/2%	10-day deposits on sums of under £10,000 9%, £10,000 to £50,000 9.5%, £50,000 and over 10%	
E. T. Trust	9 1/2%	Call deposits £1,000 and over 9 1/2%, deposits over £100,000 7%, Omand deposits 9 1/2%, Mortgage base rate.	
Exeter Trust Ltd.	10 1/2%		
First Nat. Fin. Corp.	11%		
First Nat. Secs. Ltd.	10%		
Robert Fraser	9 1/2%		
Grindlays Bank	9 1/2%		
Guinness Mahon	9 1/2%		
Hambros Bank	9 1/2%		

APPOINTMENTS

New chief for Seddon Atkinson

Mr Carl F. Levy has been appointed chairman of SEDDON ATKINSON VEHICLES. This new appointment follows the purchase of Seddon Atkinson by ENASA in March. Prior to taking the chair, Mr Levy was director general of ENASA in Madrid. He also held the post of vice president of International Harvester's African, Middle Eastern and European truck group operations incorporating responsibility for Seddon Atkinson.

Changes have been made in FISHER KARPARK INDUS-TRIAL ENGLISH NUMERING MACHINES manufacturing divisions. Heading the new team is Mr Bill Wood, who has been appointed a group director and managing director of F.R.L./E.N.M. He joined in January from the industrial and electrical products group of Babcock International, where he was closely involved in introducing new technology as divisional managing director of switchgear and transformers. Mr Graeme Brook, previously director of UK sales general manager of Brook Crompton Parkinson Motors, a division of Hawker Siddeley.

WESTBURY HOMES has appointed two new non-executive directors: Sir Idwal Pugh, chairman of Chartered Trust and a director of Standard Chartered Bank and the Halifax Building Society, and Professor Harold Rese, group economic adviser to Barclays Bank and Essex. Pugh is a visiting professor of finance at the London Business School.

WARNER AND SARRILL HOLDINGS has appointed Mr Ian M. Herman as chief executive. Mr Herman, a chartered accountant, was until recently managing director of Birmingham Technology, the management company of Aston Science Park and a joint venture between the City of Birmingham and Aston University.

Mr Quentin Gairdham has been appointed deputy chairman of STREETS FINANCIAL from July 1 and will succeed Mr Ian van Ammel as chairman on January 1, 1985. Streets Financial is a subsidiary of Chetwynd Streets International.

TGWU figures 'back workplace ballot'

DETAILED voting figures of the Transport and General Workers' Union election to find a new general secretary were yesterday presented by TUC leaders to Mr Tom King, Employment Secretary, as casting new light on arguments about voting in trade union elections. Retiring general secretary Mr Moss Evans told Mr King that the results of the election, which declared Mr Ron Todd, the union's national organiser, as his successor, showed that the Government's intervention in union elections in the form of its Trade Union Bill were unnecessary. To some extent, the newly released voting figures bear out Mr Evans' point. They are likely to be used by Mr King as evidence that postal ballots, which the House of Lords insists the Government incorporate into its Bill, are not necessarily more effective than workplace ballots. Mr Todd won 273,662 votes

Philip Bassett on an election which may appeal to King

to 228,662 for his closest rival, Mr George Wright, the union's Wales regional secretary. Figures for the other three contenders, all TGWU national general secretaries, in an election were: Mrs Marie Patterson (42,748), Mr George Henderson (39,599) and Mr Tod Sullivan (32,905). The figures show that the union issued 1,618,070 ballot papers, of which 987,528 (61 per cent) were unused. "There were 12,762 spoilt papers giving a total vote of 680,541; a turnout of 39 per cent. Of the total votes cast Mr Todd secured 43.4 per cent, Mr Wright 36.3, Mrs Patterson 6.3, Mr Henderson 6.3 and Mr Sullivan 5.2. However, Mr Todd won only 16.9 per cent of the total possible vote. Mr Wright got 14.1

per cent, Mrs Patterson 2.6, Mr Henderson 2.4 and Mr Sullivan 2.0. The winning total was lower than all three previous TGWU general secretaries, in an election seen as preserving a real choice for the first time. In his election, Mr Evans got 46.5 per cent of the votes cast —18.1 per cent of the possible vote. His predecessor, Mr Jack Jones, got 64.4 per cent and 18.5 per cent respectively, while before him Mr Frank Cousins won on 86.6 per cent and 37.9 per cent respectively. Though Mr Todd's figures are lower than his predecessors' they are higher or roughly equivalent to most recent voting figures in the engineering workers' and the electricians' unions, whose postal balloting systems were seen by the Lords

as being the best. Mr Terry Duffy was re-elected president of the AEUW on 13.4 per cent of the total possible vote, though his previous winning vote was a little higher than Mr Todd's, at 18.7 per cent. Sir John Boyd was elected general secretary of the AEUW on 18.9 per cent of the possible vote, while his successor, Mr Gavin Laird, got only 11.9 per cent. In the EPTU, Mr Eric Hammond succeeded Mr Frank Chapple as general secretary with 17.7 per cent of the vote. In contrast, when Mr Arthur Scargill won the presidency of the National Union of Mineworkers on an individual workplace ballot, such as that favoured by Mr King, he secured 56 per cent of the possible vote. On the same system, Mr Peter Heathfield became general secretary of the NUM with 34.8 per cent of the total possible vote.

UK CONVERTIBLE STOCK 30/6/84

Name and description	Size (£m)	Current price	Terms	Conversion dates	Flat yield	Red yield	Premium	Current	Range	Eqn	Conv	Div	Current	
British Land 12pc Cv. 2002	3.60	372.50	333.3	80-87	3.2	-2.8	-7 to -3	34.7	30.2	-1.2	+1.7			
Hanson Trust 9 1/2pc Cv. 01-06	81.54	331.50	160.7	85-01	3.0	-3.2	-9 to 2	168.2	72.9	-27.3	-24.7			
Slough Estates 10pc Cv. 87-90	3.03	263.00	234.4	78-85	3.5	-9.5	-11 to -1	13.7	4.7	-3.1	+6.4			
Slough Estates 8pc Cv. 81-94	24.72	117.00	97.5	80-88	6.5	5.1	-3.2	-6 to 2	22.1	22.5	0.3	+3.5		

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Copies of the prospectus and application forms for the terms of which alone applications will be accepted are available from:
Hill Woolgar & Company P.L.C.
5 Fenchurch Place, Old Jewry, London EC3R 6BT
1291-43 Royal Exchange, St. Anne's Square, Manchester M2 7BY
Telephone: (061) 895 1833

SAVINGS OFFERS

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Framlington	5
Hambros	9
Mercury Fund Managers Limited	28

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Term (years)	3	4	5	6	7	8	9	10
Interest %	10 1/2	10 3/4	10 3/4	11	11 1/4	11 1/4	11 1/4	11 1/4

Deposits to be made by direct debit from the account. Investors in Industry Group plc, 91 Waterloo Road, London SE1 0JF (01-222 7823 Ext. 2367). Cheques payable to Bank of England, c/o Investors in Industry Group plc.

INVESTORS IN INDUSTRY

Daggers drawn over Enterprise

This has been yet another week in which the equity market has dashed up and down a good deal to little net effect. And investors, still baffled by the market's jumpiness, have again been keeping their activity at a low level.

But at this stage in the proceedings—end of month, end of account—there is a faint feeling that things could be worse. The market has put up with a good deal—there is a faint feeling that things could be worse. The market has put up with a good deal—there is a faint feeling that things could be worse.

The longer this goes on, the stronger the feeling will be that the market has found a floor, at least for the time being. To be sure, the malign fascination of the Enterprise flotation is not yet over: dealings start on Monday, and there are wide differences of opinion about how things will go.

Government vs City

This week's quite extraordinary shenanigans over Enterprise Oil can be interpreted in various ways. To recap on the plot: on Wednesday, the Government offered Enterprise for sale to the public, at a minimum 185p per share.

The public stayed away in droves, applying only for a pitiful 17 per cent of the issue. Then mining giant RTZ stepped in with a surprise application for 49 per cent. On Thursday, the Government decreed that the maximum offer to any one buyer was 10 per cent—thereby ensuring that 73 per cent of Enterprise would be left with the underwriters.

On one interpretation, the Government was simply illustrating—with some panache—a basic tenet of its privatisation philosophy: that governments are not by nature suited to businesslike operations. To offer something at a price above the market, and when a buyer appears tell him he can't have it, qualifies for a number of adjectives: "commercial," is not one of them.

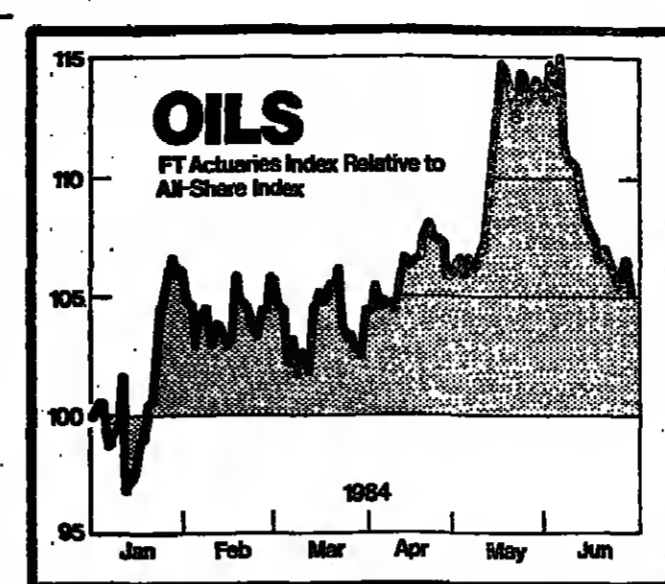
On the other hand, the City was in one sense the victim of its own cleverness. Ahead of the issue, quite a few people thought that Enterprise was in fact being offered cheaply. Some of those people seem to have reasoned that if the issue was allowed to flop, the shares could be picked up cheaper again.

LONDON ONLOOKER

But the Government did, and the City was. By Thursday afternoon, numerous underwriting institutions were of the opinion—shortly after—explatives—that they would think very carefully before touching any future privatisation issue with a ten-foot cattle prod.

To an extent, the flop was not in itself the Government's fault. For purely external reasons, oil prices—and oil shares—had taken something of a dive ahead of the flotation; and rescheduling an issue of that size at short notice is a formidable task. It remains to be seen, too, how the shares will fare on first dealings on Monday.

As to future privatisation, the City's threats of boycott will probably die down in time. The real problem is likely to be a different one. The Government has put itself in the unique position of being the seller of a string of flotations in a row and the City will be working hard



figuring which way things will jump next time. Given that the investing community does not feel—to put it at its mildest—that it owes the Government any favours in the matter, future issues could increasingly assume the character of a battle of wits.

Hard cheese on Argyll

There is no escaping the feeling that Mr James Gulliver and the City have not quite bit it off. Mr Gulliver is a grocer by upbringing and inclination and rather a good one too. This week, his Argyll Group announced a £14m jump in pre-tax profits for the year, to £40m—quite as good as anyone was looking for. Analysts are now jotting down a figure of £50m for the current year.

Part of the problem is a bemused feeling in the City that Argyll's figures are never presented on the same basis twice running. To an extent, this is hard to avoid, given the rate at which Mr Gulliver has been putting the deals together. But these same deals create the suspicion in some quarters that Mr

Gulliver is a paper-shuffling financier rather than a shopkeeper and even that he may be building the business up as a prelude to selling out and moving on.

The tricky question then is whether the image will generate its own momentum, along the lines of Sainsbury or Marks & Spencer. But by that time, the group should be looking to its next strategic step, the acquisition of a grocery chain (probably regional) in the U.S.

But Argyll does have one U.S. acquisition under its belt already—the Barton drinks business, bought for £22m 18 months ago. So far (touch wood) Barton is doing very well; it made £9m pre-tax last

year, putting the purchase on an earnings multiple of only around 4. The market would doubtless welcome more of the same. But it would probably prefer a breather first.

Breaking ranks

First there was a time when electronics stocks were wildly popular, then a time when they were the reverse. The market now seems to be discriminating more carefully, if only for the very good reason that companies in the sector are coming out with very different results.

Two major groups produced figures this week. Ferranti kept growth coming in the old style, with a 23 per cent rise in pre-tax profits to £80m for the year to March. But Racal, once very much in the go-go league, could manage only a rise of 1 per cent to £19m over the same period.

In both cases, the discrepancy in performance was largely due, oddly enough, to defence business. Racal has a long tradition of supplying tactical radios, of a kind used by individuals or small groups of soldiers in the field. These radios are fairly basic, made for stock, rather than custom-built.

Ferranti, on the other hand, supplies more of its defence output to the developed world. In particular, its Scottish Group continues to prosper handsomely from the supply of bits and pieces for the Toros fighter. Much of the equipment is only now coming out of production into delivery, and the contract should have a good three years more of life.

That apart, Ferranti still leads the world in the design and production of uncommitted logic arrays, or ULA. Leaving aside the technicalities, this is a particular kind of microchip which is enjoying huge growth in world demand on grounds of flexibility and cheapness.

Financial Times Conferences

The following is a list of conferences being organised by the Financial Times in 1984:

WORLD AEROSPACE

After the Recession, London, August 28, 29 and August 30

UNIT TRUSTS

London, October 15 and 16

ELECTRONIC FINANCIAL SERVICES

London, October 22 and 23

FT CITY COURSE

London, October 11 to November 29

WORLD TELECOMMUNICATIONS

London, November 27 and 28

VENTURE CAPITAL

London, December 3 and 4

WORLD BANKING

London, December 5 and 6

All enquiries should be addressed to: The Financial Times Limited Conference Organisation
Minster House, Arthur Street, London EC4R 9AX
Tel: 01-621 1355 (24-hour answering service)
Telex: 27347 FTCONF G
Cables: FINCONF LONDON

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1984	1984	
	9/17/84	on week	High	Low	
F.T. Ind. Ord. Index	817.9	+ 6.2	922.8	776.3	Trade hit by int. rate worries
Anglia TV A	178	+11	196	152	Excellent interim profits
Assoc. British Ports	215	-17	298	215	Prolonged miners' dispute
BPB Inds.	250	-13	337	250	Disappointing annual results
British Aerospace	370	+20	401	216	Awaiting bid developments
Butterfield-Harvey	*11	- 9	30	10	Pending company statement
De Vere Hotels	308	+21	328	247	Bid for Greenall Whitley
ERF	39	+ 5	45	34	Annual profits recovery
Fenner (I.H.)	149	+35	153	93	Unwelcome bid from Hawker
GEC	192	+12	208	160	Ahead of Tuesday's results
Glanfield Lawrence	61	+ 8	62	24	Bajau increases stake
House of Fraser	248	+24	290	220	Revived speculative demand
Plessey	267	-11	248	198	Competition fears
Racal Electronics	216	-12	242	192	Annual results disappoint
Rowntree Mackintosh	294	+12	300	216	Takeover hopes/analyst's meeting
Rowton Hotels	280	+32	360	172	Hopes of bid from Belhaven
Rugby Portland Cement	111	+13	114	95	Speculative buying
Security Centres	285	+15	300	200	Talks with third party
Style	218	+20	335	158	Property revaluation

Confusion again

WHATEVER vigour there was in last week's recovery of the U.S. equity market was well and truly drained away by Monday's hike in the prime bank lending rate. The increase, by half a percentage point to 13 per cent, plunged investors back into their interest-rate psychosis, leading the Dow Jones Industrial average straight into a three-day decline.

NEW YORK TERRY DODDSWORTH

The signs are that the conundrum will continue to cause a few migraines amidst the forecasting profession for some time to come. The economy itself remains a puzzle, every now and then throwing up a false signal of a slowdown and then rushing ahead again.

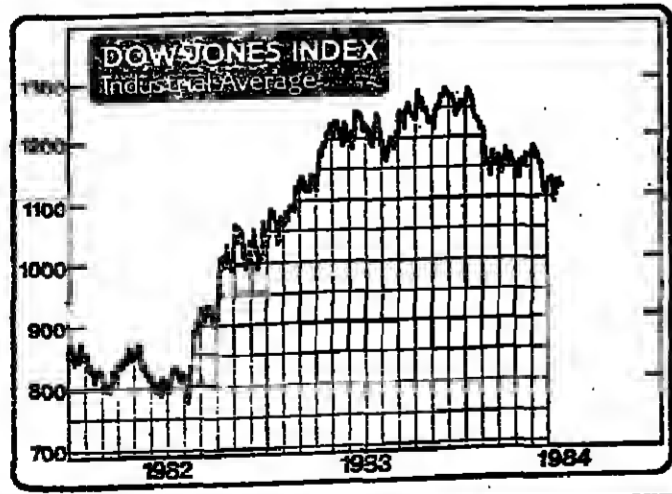
run into hard times not unconnected with the slump in the market.

Only a year ago, Merrill was carrying record profits and sitting on a lofty share price of around \$58, almost 60 per cent higher than it had ever previously enjoyed. Today, expansion is totally defused, and investors applaud when it brings out the big axe, as it did this week in announcing a further further 1,500 redundancies to add to the 1,000 so far this year.

Not everything is gloom for the securities houses, of course, because the takeover boom is still thundering on. This week brought a bumper crop of serious moves, rumours, wild rumours and sheer speculation, involving, inter alia, the continental group, St Regis, First City Services, Arkia and Coastal Corporation.

St Regis, which has been held up by the greenmail highwayman twice already this year and paid the ransom, has now attracted the attentions of Mr Rupert Murdoch. Whether this fate is an improvement on the recent display of latest Sir James Goldsmith remains to be seen.

The one cut-and-dried bid came from General Motors, and it proved to be a big one—a cash offer with stock alternatives valued at around \$2.6bn for Electronic Data Systems of Dallas. This ranks as among the biggest takeovers ever for a non-oil company, plunges GM into its first big diversification move, and should beef up what was already a commanding presence in the computer services industry.



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TURNOVER
£468.3m

OPERATING PROFIT
£50.3m

WINES & SPIRITS
Distilling, blending and wholesaling

TURNOVER
£439.9m

OPERATING PROFIT
£23.3m

Points from the Report by the Chairman, Mr. Charles Tidbury for the year ended 3rd March 1984:

- Some 40% of our profits come from the UK beer business, a further 20% from wines and spirits wholesaling, mainly abroad, and 40% from retailing. Total capital invested during the year amounted to some £150m. Out of this, £53m. was invested in brewing and wholesaling, while £78m. was put into retailing and £18m. into wines and spirits. The company is now well astride the leisure market.
- The take-home market and lager are moving ahead. Stella Artois sales increased by 39%, Kaltenberg Diat Pils by 45% and Heineken improved its sales ahead of the market. Whitbread Best Bitter is now well established in the south and west alongside Trophy Bitter in the north.
- To achieve a greater role in the rapidly growing leisure industry, pubs must develop. I cannot pay a warm enough tribute to our licensees for the way in

which they and their families have adapted to this changing scene. Their increasing skills in cooking and serving food as well as all kinds of drinks, are earning the industry and our company a high reputation for giving value for money.

- With our Beefeater restaurants and Roast-Inn carveries, supplemented by the purchase of Henekey's in April 1984, and our share in Pizza Hut, we are well placed to take advantage of the growing demand for eating out. The acquisition of Ashe & Nephew has strengthened our off-licence business, particularly in the northern areas of the country.
- Over the last three years, Whitbread's have created almost 5,000 new jobs in retailing which more than compensate for just under 3,000 jobs lost in production during the last five years. Over 300 young people have been recruited into our Youth Training Schemes in the last two years.

RESULTS Year to 3rd March 1984

£million	53 weeks to 3.3.84	52 weeks to 26.2.83	% change
Turnover	1,185.71	1,001.9	+18.3%
Profit before taxation	95.1	81.0	+17.4%
Ordinary dividends	24.0	20.6	+16.5%
Retained in the business	46.5	26.3	+76.8%
Earnings per share - basic	19.27p	14.13p	+36.4%
Dividend per share	6.25p	5.40p	+15.7%
Dividend cover	3.1	2.6	+19.2%

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Copies of the Report can be obtained from the Company Secretary, Whitbread and Company PLC, Brewery, Chiswell Street, London EC1Y 1SD.

Baillie, Gifford & Co.

THE MONKS INVESTMENT TRUST PLC

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Portfolio substantially invested overseas

FINANCIAL RESULTS FOR YEAR TO 30TH APRIL

	1984	1983
TOTAL ASSETS	£156.4m	£123.0m

* UP 27%

ASSET VALUE	184.8p	142.7p
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* UP 30%

THE DIVIDEND IS 2.40p, THE SAME AS LAST YEAR

GEOGRAPHICAL DISTRIBUTION OF INVESTMENTS

	1984	1983
EQUITIES		

United Kingdom	26.3	28.5
United States	34.1	39.7
Japan	23.3	15.6
Other countries	4.5	8.9

Non bonds	6.9	6.2
Net current assets	4.9	1.1

TOTAL ASSETS	100.0	100.0
Prior charges	8.3	10.0

SHAREHOLDERS' ASSETS	91.7	90.0
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Copies of the Annual Report and Accounts, including a full list of the Company's investments, may be obtained by completing the adjoining coupon and sending it to Baillie, Gifford & Co., 3 Glenfinlas Street, Edinburgh EH3 6YJ.

Please send me a copy of the 1984 Annual Report for The Monks Investment Trust PLC.

Name _____
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Baillie, Gifford & Co.

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FINANCE AND THE FAMILY

Converting a railway station

BY OUR LEGAL STAFF

I am the owner of a former railway station building situated beside a disused railway track and for which I sought and obtained outline planning permission to convert to a domestic dwelling some years ago. I allowed this to lapse some eighteen months ago but have recently reapplied for this same permission with a view to sale, but the local authority is delaying a reply as very recently a proposal to convert the former rail track into a bypass has been suggested.

In the event of the latter taking place will I still be able to receive planning permission even though the development would be affected by the projected road. Also in the event of a compulsory purchase order what terms should I be able to negotiate and could I compel the requisite authority to complete an early purchase? You may still be able to obtain permission, but it is of course by no means certain. It would however not be proper to refuse permission on the ground that a future compulsory purchase order might entail the payment of higher compensation once the permission is granted.

Serving in Germany

I am a British Army officer currently serving in Germany. As a crown servant overseas, my salary is subject to UK income tax and is debited at source under PAYE. Two questions arise:

(1) Should my stockbroker set up my account as an external one while I am overseas so that the remittance does not attract VAT, and would the same rate of transfer duty apply?

(2) Would shares sold while overseas be subject to CGT? (1) The rate of UK VAT (15 per cent) and stamp duty (1 per cent) on your broker's con-

tract notes is correct for you. (2) Not while you are neither resident nor ordinarily resident in the UK. Ask your tax inspector for a copy of the free explanatory booklet IR29 (Residents and non-residents: liability to tax in the UK).

Terminating a trust

I am seeking clarification on statements made on two separate items on Saturday, one of April 7th and the other shortly before that date.

The article on April 7 is by Andrew Taylor under the heading "Taking the worst of the sting out of death." Towards the end of the article it states "It is useful to remember that married couples are assessed separately for capital transfer tax." When my wife and I had our wills re-written some two years ago our solicitor said that "for the purpose of capital transfer tax, our estates would be bulked together." On this basis we agreed to provide for the settlement of a discretionary trust, the trustees being the solicitors, on our demise. An arrangement which we were assured would reduce capital transfer tax to the minimum. Has the situation changed recently? If we were both killed in an accident would our estates be assessed separately?

The second statement was contained in answer to a letter under the heading "Busting nanny's trust." This suggests that a trust can be terminated by a suitable deed. I bought a flat in the UK in 1967, which for the safety of my first wife's future I put into her name (we were living abroad at the time). My wife died in 1974 and the flat was under the terms of her will put in trust with a bank for my asc-

then to be passed to my two daughters, and should they not survive me then to their issue. My elder daughter is 41 and has two children and my younger daughter is 36 and has three children. I have now remarried and the flat has been sold, the proceeds being held by the bank trust and I enjoy the income. I realise that with the bank charges being so high the trust is a wasting asset.

I would like to make the money available to my daughters so that they could purchase property in the UK (they, too, live abroad at present, I am resident in UK). When I approached the bank they said this was not possible because of the grandchildren and the possibility that my daughters may have more children. Do you think there would be any point to my asking a solicitor to prepare a deed of termination?

The trust which you describe is not capable of being terminated by a deed alone. An order of the court would be required, and would not necessarily be made. This is because some beneficiaries are minors, and also because there are potential beneficiaries who are as yet unborn.

Help with repainting

I'll be as brief as I can, with my query, but first I'll explain my position. I moved into this block of 12 flats, nearly three years ago, when I was 71 quite expecting to be able to pay my way, as regards service charges, etc, as I never dreamed that charges could become so inflated as they have done.

What little money I had saved over the years, has dwindled so much, that I am having to look around again, for a cheaper flat, with no service charges (if possible). My main worry now, is this. The agreement I signed, when I

moved in, stated that I must pay one twelfth of the cost of having the exterior painted, which was estimated at around £250, for each tenant, last year, so I dread to think how much more it will be now, and the painting is due to start, quite soon I believe.

This is a one-bedroomed flat, and has only three window frames, and sills to be painted, they are Crittall, and picture windows. They are always painted white with black sills. Up till I moved here, I had always painted inside and out, of my own house, so I know that these, for the materials alone, will cost less than £10 (I already have the metal primer). As I only have my state pension, of £24.05 per week coming in, I simply cannot afford to subsidise the other tenants here, and at least six of them, are much younger people, with good salaries to cover their charges.

As I simply cannot afford to pay out £250, for this painting can I opt out, providing I pay something towards the painting of the door to the entrance here, and paint my own window frames? Incidentally, this flat is on the ground floor, so no ladders are needed, whereas the second, and next floor ladders have to be used. My painting would take me two days, but only because of the drying time.

Unfortunately there is no basis on which you can escape the obligation in law to contribute 1-12 th of the cost of repainting the exterior. However that cost is limited by the Housing Act 1980 to the reasonable cost of repainting, and estimates must be obtained and submitted to the tenants first. If the reasonable cost turns out to be as high as expected you could inquire as your local social security office to ascertain if you could get assistance from that quarter.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Increased service charges

Last year I acquired the lease of one of the garages in a block of flats. To avoid losses at the end, the purchase price was adjusted by apportionment of the estimated management services charges, which only arise after the end year audit. The estimate was based on the previous year's charge plus 10 per cent, a figure described by the managing agents, as quoted in the solicitors' correspondence as "more than adequate to cover any increase likely to arise," this was in June of the financial year ending September 30, 1983: the 1982 increase on 1981 was 5.7 per cent.

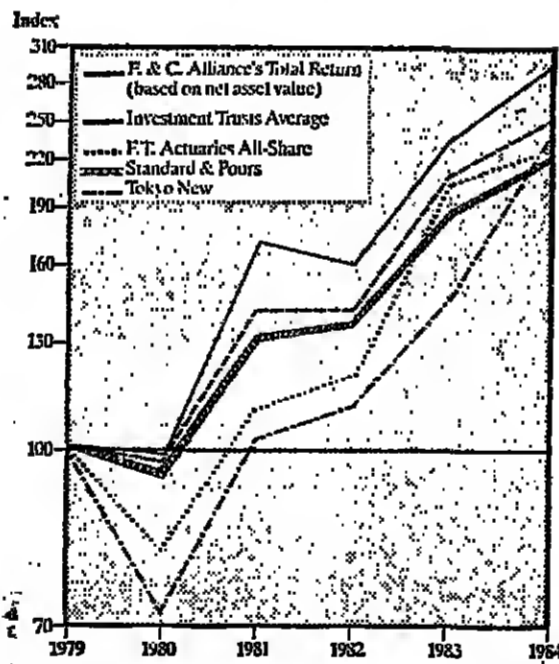
I have now received the account to September 30, 1983, which shows an increase of 44 per cent over the previous year, with one sub-head, maintenance, up 84 per cent, together with the auditors report, which blandly states that it is a fair summary of the total cost incurred. Should not the auditors have commented on this large increase? How can I effectively dispute the increase above the 10 per cent estimate?

You may be able to claim the excess over 10 per cent of the increase in service charges from the managing agents, but this will depend on the precise form of the statements to which you refer, and the extent of your reliance on them. You should consult your solicitor for advice as to whether you can pursue such a claim.

F. & C. Alliance Investment PLC

Highlights of 1984

- Net asset value per share rose 23% to a record level of 108p.
- Over the past five and ten years net asset value per share has risen by 155.3% and 363.5% respectively.
- Every confidence that over the longer term the policy of specialising in those smaller companies which are at an exciting stage of their development remains one that will provide shareholders with worthwhile rewards.
- Thirty-six per cent of the portfolio is invested in the technology sector.
- Continuing to seek high growth around the world.



Total Return on Net Assets over five years

Taking stock at The Body Shop

BY WILLIAM DAWKINS

THE BODY SHOP International, current beauty queen of the USM, is continuing to dazzle its admirers as well as provoke gasps of disbelief from the market's more sober souls.

Over the past 10 days, Body Shop has been the market's star performer, with its share price rising from 185p to around 210p towards the end of the week—a 13.5 per cent gain on the period, and more than double the 95p placing price at which it came to the USM in April.

At its current price, the franchise chain of 125 beauty care stores is capitalised at £10.5m, an amazing 38 times net asset value. Last week's price rise was helped by a good—if opaque—set of results, showing that the group made a pre-tax profit of £32,459 on sales of £2m in the six months to March. Due to a change in accounting periods, Body Shop was unable to provide comparable figures for the previous interim period.

Gordon Roddick, 41, who started the company with his wife Anita eight years ago, estimates that profits have roughly doubled, and says the company is on track comfortably to exceed its April forecast of a 42 per cent increase in full-year profits to £390,000. That means the company is valued at 54 times this year's earnings, a stratospheric rating even by USM standards. Even if Body Shop makes £475,000

Unlisted Securities Market

this year, as some analysts are forecasting, the earnings might only drop to 44c.

"When we floated it at a rating of 244, a lot of people thought that was pretty demanding. The present rating is extraordinary, and while it is an extraordinary company, it is very difficult to justify the extent to which the price has moved," says John Richards of Capel Cure Meyers, the company's stockbrokers.

Like many other USM glamour stocks, Body Shop's price has been squeezed up by the extremely limited market for its shares. Just over 1m shares—20 per cent of the company—was placed on the USM two months ago, but it is now only possible to deal in a few thousand shares at a time.

As a mark of the speed at which prices move in a thin market, it took only eight buying orders on Wednesday to send Body Shop's share price up 10p to 210p.

By the same token, a whiff of bad news, or a handful of

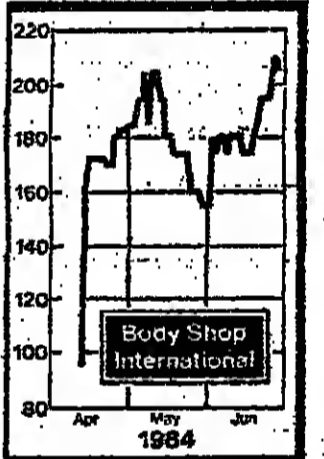
sellers could send the price into a heart-stopping plunge. Body Shop is at least partly buttressed against unexpected shocks by the fact that an estimated 45 per cent of its shares are owned by presumably loyal franchisees and employees.

Another 37 per cent is owned by the Roddicks, who have seen the value of their stake shoot up from £1.8m when they came to the USM to nearly £3m last week—although of course they could not cash in their chips without knocking the market bowlegged.

"We might see the price drop by 20p tomorrow," says Gordon Roddick. "But I don't want to sell my shares anyway. There will always be an element of hype in our share price, because it's that sort of market place."

For the time being, the Body Shop formula of selling naturally-based beauty products in simple refillable packaging, with its distinctive logo and green-painted stores, is succeeding even beyond Roddick's most optimistic expectations.

It has come a long way from the time when it inauspiciously opened its first shop next door to a Brighton undertaker. In the past two months alone Body Shop has opened seven franchise stores in the UK, and plans to add another 10 to 15 in each of the next few years. By the end of next year,



Roddick aims to have added another 25 Body Shop stores to the 56 already operating overseas.

He is planning to hire a full-time European director this year to spearhead further expansion on the Continent, where there are 30 Body Shop stores. "Once you have established a network, it's fairly easy to open up further through existing franchisees," says Roddick.

Not that he is short of potential recruits. "We have a queue not far short of 200 people wanting to be franchisees," says Roddick. "Probably, we won't ever get through them."

Time Charter got its timing right

TIME CHARTER has been one of the more successful rare-horses of recent years on Britain's courses. Even this writer, not normally regarded as much of a judge of horseteash, has won the occasional modest sum through the efforts of the oddly-named nag. The record of the other Charter, London's Charter Consolidated, is not nearly so appealing.

Some 20 years ago, Charter was built up by Mr Harry Oppenheimer's Anglo American Corporation to be the vehicle for that group's proposed expansion outside the relatively narrow confines of South Africa. That aim has now gone by the boards, with Anglo's international ambitions firmly vested in the group's Bermuda-registered Minerals and Resources Corporation (Minroco).

Some of Charter's assets also went to Minroco and the Bermuda group retains a stake of just over one-third in the UK company, providing protection against the unwelcome attentions of any potential predator. Charter was left after the restructuring of Minroco with a rather mixed bag of interests, ranging from tungsten mining in Portugal with Beralit Tiu and Wolfram, coal mining and engineering through Alexander Shand, to worldwide railway track engineering with Pandrol International, formerly Elastic Rail Spike.

In the 20 years of its life in more or less its present form,

Charter has developed the reputation of being one of the mining world's unluckiest companies, as a number of its ventures have proved to be either ill-fated or simply ill-timed.

Such unfortunate decisions as the move into copper in Mauritania and Zaire, potash in Yorkshire, tin in Malaysia and nickel in Botswana spring all too readily to mind, while more recently the purchases of Alexander Shand and Anderson Strathclyde still have a lot to do to prove themselves.

MINING
GEORGE MILLING-STANLEY

The company has also remained active in share dealing, both from its extensive portfolio of investments and from some of the stocks which were once regarded as core long-term holdings. This week's announcement of results for the year to March 31 was lent added lustre by a surplus on realisation of investments totalling £17.5m, £12m of which related to the sale of that part of Charter's holding in Rio Tinto-Zinc Corporation which was for trading purposes.

That figure of £12m amounted to very nearly one-third of Charter's overall pre-

tax profit of £37m, down from £45.9m last time, which suggests that there has been little, if any, improvement in the performance of the group's operating subsidiaries.

A little later in the year, Charter sold the remainder of its holding in RTZ, including those shares which had been held as a long-term investment, and also part of its investment in Minroco.

The profits from these deals were taken below the line in Charter's profit and loss account as an extraordinary item, but the £42.3m realised was largely absorbed by £18.2m of restructuring and closure costs, mostly associated with the businesses of the Cape Industries subsidiary, £10m of additional deferred tax following the changes in the last budget, and £7.3m as the company's share of extraordinary costs arising from the problems at the associated Johnson Matthey. This left Charter with extraordinary credits of just £6.75m.

The sale of the RTZ holdings could have been better timed, from the point of view of the price received — the shares have been over 700p since the sale, against a market price at the time of 620p. Even with the hefty discount that the sale of such a large tranche of stock inevitably involves, Charter could have made perhaps as much as 100p per share more than it did had the company been able to sell at the peak.

More fundamental — and again, easy to point out with the benefit of hindsight — the timing of Charter's movement into the coal mining machinery market through the Anderson Strathclyde acquisition was also unfortunate. Worldwide, the coal market has taken quite a knock following the recent softening in coal prices. Britain's National Coal Board has cut back significantly on the purchase of spares and the protracted miners' strike must also be hurting the business.

Consequently, Anderson's trading profit was sharply lower at £8m, and this was further reduced by the £2.9m operating loss of the company's 51 per cent-owned National Mining Service in the U.S. Anderson bought its interest in NMS shortly before the acquisition by Charter.

The sale of investments in order to acquire operating assets is a perfectly reasonable business move, but Charter cannot go on indefinitely funding the losses of the ailing parts of its motley empire through investment disposals. Beyond that, there is little consolation for Charter shareholders in the fact that their investment is backed by assets worth twice the price of the shares, when the return on these assets remains in-adequate.

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YOUR SAVINGS AND INVESTMENTS

Cutting the costs of a split

JOHN BURKE on the new divorce laws.

NBODY GIVES divorce presents, but that is no reason for the former partners to give gifts to the taxman.

The breakdown of marriage involves so many human and legal problems that the fiscal aspect is often overlooked. Yet the dangers of paying excessive taxation will loom even larger once the new Bill on quicker divorce receives the Royal Assent in the next few weeks.

This is not because the Matrimonial and Family Proceedings Act, as it should be by August, will alter tax liabilities directly. What matters is Parliament's intention to end the so-called meal ticket for life or the abuse of alimony. Youngish divorced women are more likely to be forced into work and possibly the middle-aged too.

This means that the ex-wife will have to be alive to all the ways of avoiding tax on what may be a modest income.

Tax adviser Brian Dodgeon at the National Council for One-Parent Families says: "We must wait to read the small print once the Bill becomes law, but the bias is clearly towards a clean break. So there are likely to be more court orders involving the transfer of the matrimonial home and/or lump sum settlements."

Either way, it should pay to have advice from an accountant, and not just a solicitor, who may well not be aware of all the tax implications.

A major potential hazard is that the husband, feeling under moral or social pressure to help out his ex-wife after an inadequate settlement, will do so privately as he gets richer, without legal compulsion. This would be a mistake, as he will get no relief from income-tax and could even be liable to capital transfer tax on his payments.

Only a court order will satisfy the taxman. So there could be cases where both sides in the divorce beg the judge to arrange or increase maintenance, for mutual fiscal benefit.

Divorce courts are better disposed towards the avoidance of tax these days. Thus, on the question of school fees, there is a practice direction already



agreed with the Revenue. The nub of it is that the father may obtain tax relief on paying the child's school fees directly.

The Matrimonial and Family Proceedings Bill confirms the paramount importance of the children's welfare in divorce cases. That means shifting maintenance more than ever from the ex-wife to the offspring.

Parties to a divorce, including solicitors, often forget that a child too has a single person's allowance of £2,005 and that tax can be minimised by routing payments directly to him, and by-passing the mother.

A single parent has an allowance of £3,155 regardless of how many children, so a man prepared to pay up to that amount per year should do so through a court order and claim 30 per cent of it in tax relief. Likewise, he could get full relief on each additional £2,005 going directly to children.

Even where there are no children, the parties should agree on which point in the tax year to separate as the Revenue relies on that rather than the date of divorce. Some experts opt for October, when the wife is working, in order to earn enough to get the topmost relief from the wife's earned income allowance and then single person's personal allowance.

Once again taking advantage of the new law, which allows divorce after only a year, may be disadvantageous from a tax point of view. Once a divorce is decreed, your tax liabilities will automatically be put on a separate basis from that date. Separation allows more flexibility in fixing the date at which the separation is deemed to occur for tax purposes.

Much of the latest legislation will be in "Money After Divorce" available shortly from the Consumer Association at 14 Buckingham St, London WC2. And it is worth getting the latest edition of "Tax Planning on Marriage Breakdown" by Peter Wright and published by Oyez.

NEXT WEEK: School fees.

Go west, young man...

INVESTORS looking for better returns on their money may be encouraged to send it across the Atlantic by the endless talk of the high level of U.S. interest rates.

A tempting gap has developed between the yields on long U.S. Government bonds and the UK equivalent, gilt-edged securities. This week the yield on the 30-year U.S. Treasury bond was creeping up to 13½ per cent, while the yields on 25-year British Government stocks were less than 11 per cent.

The gap was smaller, but still worthwhile, on stocks whose redemption dates are less than five years' away. The U.S. one-year Treasury bond, for example, yields 11 per cent, and a similar gilt 10 per cent.

The reason why the gap increases with the length of life of the bond in this way, as shown in the graphs below, is the Chancellor's reluctance to issue long-term debt during a period of high interest rates and, he hopes, declining inflation. This has created a shortage of long-dated gilts which has kept down their yields.

But investors should be aware of the risks they accept in attempting to exploit this gap. It is not that the U.S. is a dangerous home for savings. The risks lie rather in the vagaries of the dollar/sterling exchange rate and in the fluctuations in bond prices.

These issues are discussed in a paper published this month by the leading Wall Street investment bankers, Salomon Brothers. Their advice is that certain investors could now find it worthwhile to move an increasing proportion of their long-term fixed interest investments to the U.S., to buy long T-bonds instead of long gilts.

While the brokers' arguments are aimed primarily at pension funds and other institutional investors, private investors can also draw some useful conclusions from this research.

Salomon Brothers' argument is directed at the long-term

cast decline of North Sea oil production over the next 10 years and beyond.

The short-term outlook is more difficult to predict. Indeed, Salomon Brothers' own view, and that of its chief economic guru Henry Kaufman, is that in the short-term U.S. interest rates may rise even further and investors would be better off keeping their money out of long-term fixed-interest rate instruments until that rise materialises.

But this is an argument about timing, not about the underlying principle that British investors should seriously consider U.S. bonds.

Some investors are not free to choose between long and short but only between particular forms of long-term investment. This is true of pension funds which find it difficult in practice to switch multi-million investment portfolios but might to some extent also apply to private investors who want to put money away for a period of years without worrying about intervening fluctuations in market values.

Investors must be clear that in buying U.S. bonds they are taking a view on the future course of exchange rates. While the decline in North Sea oil output is a strong argument against any long-term appreciation in sterling, the outlook for the next three or five years, say, might be very different.

The dollar has survived forecasts of its imminent fall over the past two years. But there

STEFAN WAGSTYL looks at the attractions of U.S. bonds

investor. The paper points out that sterling would have to rise dramatically against the dollar to justify the way British investors are accepting the lower yields on gilts instead of switching to U.S. bonds.

The second graph shows how much the pound-slipping to no more than \$1.36 at one stage this week—would need to soar, requiring to climb to a value of \$3 to make gilts worthwhile.

The authors argue that this long-term appreciation would be highly unlikely given the fore-

PENSIONS

Thinking small

THE 9m people who work in small or medium-sized firms without a pension scheme are beginning to attract the attentions of life assurance companies.

If you have been forced to jolt the state earnings related pension scheme because your firm has so far failed to set up its own scheme, it might be worth asking your boss to think again. Such a move is now being made easier.

Employers who set up their private pension funds are able to offer their work force much more generous benefits on retirement for little extra cost. The difference is in effect made up by the taxman. But the time and trouble involved in setting up such a scheme has deterred many over-worked proprietors of small companies.

This week however the Crown Life Assurance Group has taken the initiative in producing a packaged deal which allows the small firm of less than 100 employees to set up a pension fund. Nearly all the administrative, legal, accounting and actuarial work involved is carried out by Crown Life. The employer has to do little more than fill in a form.

The major disadvantages of the state pension scheme are as follows:

● After an employee has made 20 years of National Insurance contributions, all further payments are "wasted" in the

sense that they produce further benefits.

● You will receive no more than 25 per cent of your final earnings as a pension payment.

● A wife who dies prematurely cannot normally leave a pension for her widower.

● On retirement, there is tax-free lump sum available which is a major tax advantage under a private pension scheme.

The Crown Retirement Security plan, although marketed as a package, allows employers some flexibility. They can choose between different levels of contribution and benefits, they can choose between different unit-linked investment funds and, if they are no longer able to meet the costs, they can buy the employees back into the scheme.

Until now, insurance companies have mostly ignored small company employees. Salmen and brokers have found the commissions much more rewarding for large company pension plans or personal pension schemes.

Crown Life has however dressed the balance—and with a vengeance. Salesmen will be receiving commissions of 50 per cent of the first year's premium plus further annual renewal commissions.

However, the rest of Crown administration is fairly streamlined so that its overall charge is not excessive.

Clive Wolma

INVESTMENT TRUSTS

A chance to sell

ALEXANDER NICOLL on how you can profit from a new breed of predator

THE CHANCE to sell shares in investment trusts at around the net asset value of the trust's portfolio should bring a cheer from most holders. It will give them a windfall profit by eliminating the usual discount of around 25 per cent at which their investment trust share prices trade to asset value.

But if the bidder for an investment trust is an industrial company, the shareholder may face an awkward dilemma—whether to accept the shares of a bidding company, or to take the cash from the bidder and expose himself to a capital gains tax liability.

Recently, an increasing number of growth-minded companies, usually not regarded as blue-chip investments, have been using the acquisition of investment trusts to expand their capital base and raise cash. The practice is termed as a disguised rights issue.

It works like this: a company bids for an investment trust, offering its own shares but with an alternative of cash, usually close to the net asset value per share of the trust. If the bid is successful, the company will issue shares to trust shareholders in exchange for their shares. Once acquired, the trust's portfolio is liquidated, raising cash for the company, which now has increased capital and a broader shareholder base.

Companies may have a variety of reasons for choosing this route to raise capital. Like Cluff Oil, which acquired Oil and Associated Investment Trust earlier this year, they may have recently made a call through a rights issue, on their shareholders' to put up more capital. In the case of Cluff, the previous rights issue had not been a success.

Or like Robert Maxwell's

British Printing Communication, which has just bought Bishopsgate Trust, they may want to broaden the shareholder base. A simple rights issue would keep existing shareholders in roughly the same proportions.

Alternatively, companies may simply believe that an investment trust take-over is a cheaper way of raising capital.

The choice of a target investment trust will depend on its size and portfolio, as well as on the resistance that the trust's management and shareholders are likely to offer.

The amount the bidder wants to raise will determine the size, and since the bidder is likely to be a medium-sized company, the trust is likely to be a medium-sized one. Bishopsgate, for example, had assets of around \$50m.

The bidder will want a trust whose investments are easily sold off. A trust that has substantial investments in unlisted stocks, for example, would not be attractive.

A bidder will take a close look at a trust's share register before making an offer, to see whether there are any large blocks of shares likely to obstruct widespread acceptance. Once the criteria are met and a bid is made, trust managements will almost always find it hard to defend themselves if the bid is close to asset value. Even if they have a good performance record, it is difficult for them to advise shareholders not to realise asset value when the share price has been trading at a substantial discount.

The shareholder in an investment trust probably bought his shares in order to spread his investments, between many companies so the offer of shares in an unfamiliar single company may not be welcome. It will certainly be a riskier investment.

But if the holder opts for cash, he may face a tax of 30 per cent on his capital gains—if he has already used up his £5,600 annual exemption.

RECENT ACQUISITIONS OF INVESTMENT TRUSTS IN "DISGUISED RIGHTS ISSUES"

Date	Bidder	Target
1980	Guthrie	City & International
1980	Hawley	Progressive Securities
1980	Brooke Tool Engineering	Provincial Cities
1982	Britannia Arrow	General & Commercial
1982	United Newspapers	Colonial Securities
1982	Electronic Rentals	London & Meritrose
1983	Guinness Peat	Meritrose
1983	London Investment Trust	British Industries & General
1983	Baltic Leasing	West Coast & Texas
1983	English Association	Rosediamond
1983	Cluff Oil	Oil & Associated
1984	BPC	Bishopsgate

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OUR SAVINGS AND INVESTMENTS

NATIONAL SAVINGS

5-year tax haven

NA THOMSON
explains the new
early Plan

NEW plan from the National Savings Department provides an additional means of earning tax-free interest, which will be used for higher-rate taxpayers. The National Savings Yearly Plan, which goes on sale on Monday, allows the regular saver opportunity to invest between £0 and £100 a month by standing order for a year. The lure of the plan however lies in the increasing rate of return over the subsequent four years. Those who do not need to withdraw their savings before five years are up will earn an average compounded tax-free rate of 7.31 per cent per year. An initial investment of £100 a month—the maximum permitted for the first year will yield £54.65 after five years. More humbly, a £20 a month investment in the first year will reduce a return of £300.93 on an overall investment of £240. The certificate is held for five years after the date of the first payment. The department says it has tried to create a "painless form of earning tax-free interest."

YEARLY PLAN COMPOUNDED RATE OF INTEREST OVER 5 YEARS 7.31 PER CENT	
Tax rate	Gross equivalent yield
30%	10.4%
40%	12.2%
50%	14.6%
60%	18.3%

The pain such as it is, lies in your money tied up for five years in the plan and the returns from alternative savings media.

Rates of interest on the certificates rise from 6 per cent in the first year when the payments are made to a maximum of 7.31 per cent, if held for five years.

The Yearly Plan replaces the National Savings offer of an index-linked Save As You Earn (Third Issue) investment which allowed for the investment of any sum from £4 to £50 a month over five years. The new plan permits tax-sheltered investment on a grander scale and is thus more useful for higher rate taxpayers who have already bought up their quotas of National Savings certificates.

Holding a yearly plan certificate does not preclude the buying of other Yearly Plan certificates, as long as payments on the first yearly plan have been completed for one year.

For a 40 per cent rate taxpayer, the Yearly Plan in effect yields a 12.2 per cent return, that rises further to a startling 18.3 per cent in the 60 per cent tax bracket. On the face of it, that seems hard to beat, but there is an alternative of investing in gilt-edged securities. Low coupon gilts carry a

guaranteed capital gain which is tax-free if held to redemption. A stock such as Treasury 5 per cent 1986-89, for example, has a running yield of only 6 per cent, but is guaranteed to increase by £20 tax-free for each £100 held if the stock is redeemed in five years.

In gross terms to a 60 per cent taxpayer this is roughly equivalent to an annual yield of 10 per cent to be added to the running yield of 6 per cent, giving a total grossed-up yield of 16 per cent overall.

For basic rate taxpayers, building societies offer an equally attractive rate of around 7.35 per cent net for term shares—and you have easier access to your money. Assuming a 7.25 per cent return, a 40 per cent rate taxpayer would earn just 6.25 per cent. For a 50 per cent taxpayer that would decline to 5.3 per cent. Their sterling notes with faith,

Given the volatility of interest rates and inflation in recent years, however, locking your money into an investment like the Yearly Plan, that offers a fixed rate of return and a penalty for withdrawal, can be regarded as a risky enterprise.

A look at whether insurance policies are promising you too much

Enough to pay off a mortgage?

SINCE THE removal of tax relief on life assurance premiums (LAPR) in the Budget, endowment mortgages have become more expensive to service and less attractive to home buyers.

But this month two companies—Scottish Equitable and Royal London—have produced schemes which bring down the monthly payment levels to below those for the equivalent repayment mortgage.

But attractive though these schemes may appear to be, there are long-term risks lurking for the borrower.

The home owner who has taken out an endowment mortgage builds up over the life of his mortgage—typically 25 years—a fund which should be sufficient to pay off the loan in full. This fund is built up by paying premiums into a life assurance policy.

The challenges is to estimate accurately how much by way of premiums needs to be paid monthly to ensure that a large enough sum has accumulated over the 25 or so years.

Most endowment mortgages nowadays are low cost mortgages where the premiums are substantially reduced by making allowances or "assumptions" for the annual bonuses which the policyholder can expect to be paid into his fund by the life assurance company.

The level of bonuses is determined by the returns on the life office's investments. Traditionally, it has been assumed that future annual bonuses will be at least 80 per cent of the life assurance company's last "declared" bonus.

This gives a cushion of 20 per cent which, together with a terminal bonus paid at the end of the mortgage period, is calculated to be enough to pay off the mortgage—and give an additional lump sum.

Several life companies, including Standard Life and Friends Provident, subtly modify the 80 per cent "assumption" level, which is the maximum most building societies will accept, giving borrowers the option of a lower premium. They effectively make a bonus assumption of 86 or 87 per cent.

This has the two-fold effect of both reducing the eventual cash sum at maturity and the monthly premium. Thus for the benefit of paying a reduced premium in the initial years, the borrower foregoes part of the eventual policy proceeds.

Two life companies, Scottish Equitable and Royal London, have taken this a stage further and are making bonus assumptions of 100 per cent. In both cases the borrower should beware that where the bonuses do not live up to projections, premiums will have to be increased.

In the case of Royal London the maximum premium increase is set at a 10 per cent a year with an overall maximum of 100 per cent. I.e., the premium could at most be doubled.

Scottish Equitable has no such ceiling. The premium rate is open ended. This is why none of the major societies have accepted this product.

The danger for the borrower in these latter schemes is that bonus rates are currently at historically high rates. Life companies admit to being worried that they may no longer be able to maintain the same bonus growth rate in future, particularly if interest and inflation rates fall. A borrower could thus be easily faced with higher premiums in the longer term for the short-term gain of paying a reduced premium now.

For this reason the majority of building societies have not so far accepted the new schemes. Abbey National is the only one of the five largest societies to do so and it has only accepted the Royal London because it has a premium ceiling.

The smaller societies which are enthusiastic about the new schemes, like the Yorkshire, say that they offer an improved version of the low start endowment schemes which some life companies, such as Standard Life, already offer.

Under these schemes the premium starts off at a low rate but increases over the first five years or so usually at the rate of 30 per cent a year.

The attraction is that during the early years when the borrower is most concerned about her or his ability to meet monthly repayments the premium and so payment is lower. The advantage which the 100 per cent bonus assumption schemes have over these is that in theory at least the lower premium levels could extend over a much longer period.

In addition it is pointed out that even if the premium increase was as high as say 50 per cent it is unlikely to be an onerous burden. For one thing the borrower is likely to be in a better financial position by then.

Added to which if bonuses were to fall, that is likely to be when interest and inflation rates are also lower so that the cost of servicing the mortgage would be in any case less.

Margaret Hughes

LIFE ASSURANCE companies should stop dangling in front of potential customers the lure of high bonus rates for many years, leading to lavish pay-outs when their policies mature, according to Stewart Lyon who this week stood down after his two-year term as president of the Institute of Actuaries.

Mr Lyon told fellow actuaries in a farewell address last Monday that to project past experience in this way was unrealistic. "Bonus rates are historically high following a period when inflation was exceptional," he said, "and if it is now going to settle down at a more moderate level there will be disappointment and disillusion when in time there has to be a corresponding reduction in future bonuses."

Recently Stewart Lyon has been closely concerned with plans to give employees more scope to set up their own pension plans, probably mostly through insurance companies, rather than be forced to join occupational pension schemes.

He sat on Norman Fowler's five-man committee which looked into the arguments for permitting such personal portable pensions. The committee has now disbanded, and next month Mr Fowler, the Social Services Secretary, will outline the Government's plans in this direction.

The word is that important changes will be proposed, in particular that employees will get the chance to opt out not only of the employer's scheme but also of the state earnings-related scheme. But this will make it vital for alternative private pension plans to be sold on a fair basis.

There is a risk that employees would not be able to judge the relative merits of the occupational scheme and, an insurance company plan featuring the traditional mumbo-jumbo of guaranteed sums topped up with projections of reversionary and terminal bonuses.

"Backed by aggressive selling this could quickly bring discredit to the life assurance industry, and in its wake the actuarial profession," Stewart Lyon warned.

The traditional way for life assurance companies to sell with profits policies is to promise a guaranteed sum—on very cautious investment assumptions—and then give policy holders every year a so-called bonus. This represents a share of any extra income which the life office has been able to earn on its assets.

Since 1950 these bonuses have been on a rising trend, because they reflect higher interest rates which have accompanied rising inflation. But earlier in the century bonus rates were more erratic—often falling in the 1930s, for example (see graph).

Although inflation has dropped back sharply in the past couple of years, bonus rates have continued at peak levels. This is because interest rates have stayed unusually high relative to inflation, and because such falls in interest rates, and yields on shares as there have been were accompanied by capital profits.

In any case, life company actuaries usually have a large cushion of past profits to fall back on. They are in a strong position to smooth out the returns to policyholders.

Their ability to hold the regular annual (or reversionary) bonus steady has also been

strengthened by the use of a terminal bonus payable when a policy matures. This can be very large—commonly representing a third of the total benefits paid out, on a 25-year policy. But the terminal bonus is much more volatile from year to year and from company to company and will be the first to suffer from any worsening of investment returns.

In the long run, certainly, current bonus levels cannot survive at current inflation levels. If inflation stays fairly steady at 3 per cent, then it would be surprising if long-term returns on gilt-edged and equities (yield plus capital appreciation) were more than about 8 or 10 per cent gross. Life offices traditionally invest in a balanced spread of gilts, equities, property and other assets.

In contrast, some of the self-employed personal pension plans now on offer can only deliver their projected benefits on the basis of a return on the underlying investments of perhaps 14 per cent. Either inflation or the projected bonuses will have to give.

A similar problem arises in the case of endowment mortgages. The maturity value of these policies is calculated to be sufficient to pay off the mortgage, with a safety margin provided by the terminal bonus and the fact that only 80 per cent of the current reversionary bonus is used in the calculations (but see the accompanying article).

But these safety margins will not be enough to cope with 25 years of low inflation. The chart shows what would happen to a borrower of £50,000 this year



who experienced a 3 per cent reversionary bonus rate rather than an assumed 4 per cent (80 per cent of 5 per cent). He would end up some £10,700 short in the year 2009.

In practice, of course, he would have time to raise his contributions in later years to compensate for the shortfall. And with low inflation, his interest payments would be correspondingly reduced too.

A more serious case would be that of a person who bought a pension plan on the basis of glowing projections for bonuses, in preference to staying in an occupational scheme which would normally express benefits quite differently. In terms of a proportion of final pay, this would be relating apples and oranges, and there might be a need to compare with bananas too, because other personal pension plans are often devised on some sort of direct investment-linked basis.

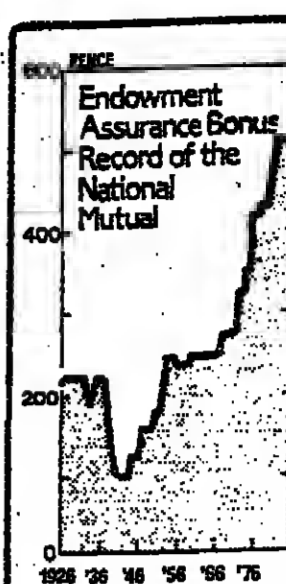
Unless the savings industry is to risk losing goodwill, this investment fruit salad will have to be sorted out. Stewart Lyon, who is himself a director of Legal and General, argues that the traditional life offices should take the initiative by ending the practice of projecting past bonuses into the future. They should instead calculate projections on the basis of clearly stated assumptions about future returns. This is what unit-linked insurance companies do.

Investors can then be in the positions of being able to compare like with like, and it will be easier to judge when the underlying investment assumptions are unreasonable.

Thus life offices could say how much money you will receive when your policy matures, if investment returns during the period of the policy turned out to be, say, 7.4 or 10 per cent.

Action is being urged by the Institute of Actuaries, through the life industry will still need to be persuaded. The traditional life offices like to cling to their mystique, and those with a good bonus record will not wish to give up the promotional benefits that it can provide.

And there are bound to be arguments about exactly how investment returns will filter through to policyholders' benefits. Mutual companies, for instance, will argue that they can give better values than proprietorial offices.



Barry Riley

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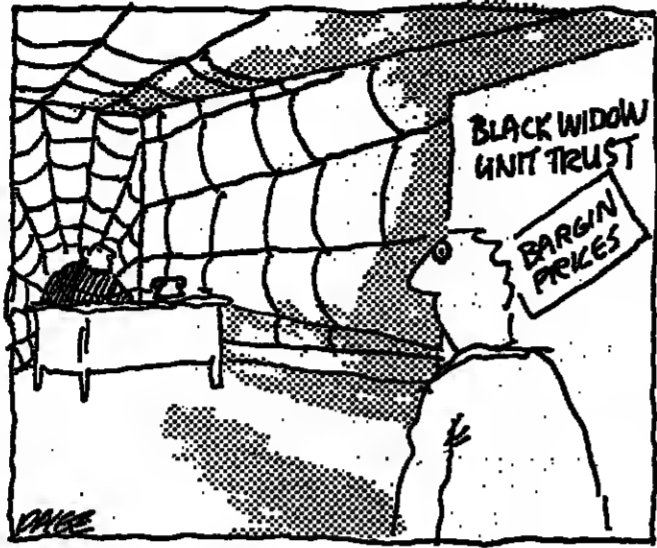
YOUR SAVINGS AND INVESTMENTS

UNIT TRUSTS

Trapped... and 13% to get out

THE WILD fluctuations of world stock markets over the past two months have caught many unwitting unit trust investors in a costly trap. "hands-off" approach towards the intricacies of unit trust pricing by the industry watchdog, the Department of Trade and Industry, has meant that few, if any, small investors are conscious of the dangers lurking in the undergrowth. In fact it appears that the DTI itself is not aware of all the practices being followed in the industry it is supposed to regulate. You may have been told that the total charges for buying units in a unit trust and selling them at some later date are only 5.5 to 6 per cent of your investment, plus an annual management fee of around 1 per cent. The unit trust prices quoted in this and other newspapers, showing a spread between the buying and selling price of 5.5 to 6 per cent, give the same impression. In fact using such figures, the unit trust managers often claim that buying unit trusts is no more expensive than buying shares. But you would be wrong to believe them—at least if you buy and sell at the same time as the majority of unit holders. You are in fact more likely to be paying an entry and exit charge of close to 13 per cent, the maximum permitted by the Department of Trade and Industry. This means that the underlying fund you have chosen will have to rise by 13 per cent in value before you break even. (For overseas funds, the charge can be 2 to 3 per cent lower than this.) The impact of such charges has been felt strongly in the past few weeks by those who joined the rush buy into Japanese and Far Eastern funds during the autumn and winter months, and who are now seeking to withdraw. But with the cashing-in of

CLIVE WOLMAN investigates how unit trust investors are being misled about the charges imposed on them—they may only realise the truth when cashing in their units



unit trust holdings reaching a record £170m in May, many other unit trust holders have also been affected. Even those who have held their units for several years may suffer a similar charge, although they are less likely to realise it. The reason that the charge may be as high as 13 per cent is related to the freedom of the unit trust managers to move their buying and selling prices up or down depending on whether most investors are seeking to buy their units or to sell them. Suppose the value of the underlying assets of a unit trust are 100p. Then the DTI will permit the unit trust managers

to charge a maximum entry or "offer" price of about 106.5p and a minimum exit or "bid" price of about 93.5p, a spread of about 13 per cent. This spread is calculated to take into account the costs of buying and selling the underlying shares and the unit trust's marketing. If there is strong demand to buy units, the managers may quote at the maximum offer price of 106.5p. However, if you wish to cash in your units, you should be able to receive much more than 93.5p for each one, as the managers will be able to pass on your units directly to one of the eager purchasers at a price of 106.5p. You might expect to receive a bid price of 100.5p. So if you both buy and sell your units at a time when the fund is attracting a net inflow of money so that the spread remains at the top of the band (on an "offer" basis), your charges will be only around 6 per cent. Similarly, if there is strong pressure to sell units, the bid-offer spread quoted may be 99.5p to 93.5p. Once again if you both buy and sell units in these circumstances, when the fund is on a "bid" basis, your charges will also be only 6 per cent. But if you follow the crowd and buy when most investors are buying and sell when most investors are selling, you will be paying a charge of around 13 per cent. This tends to happen when a strongly rising market is followed by a sharply falling one. But it can also happen when a unit trust management group reaches "maturity" after a period of rapid growth. Then there is likely to be a steady outflow of money from its older funds. This is a problem facing some of Save and Prosper's and

UNIT TRUST FUNDS CURRENTLY QUOTED ON A BID (LIQUIDATION BASIS)

ABBEY UNIT TRUST MANAGERS Not prepared to disclose	HENDERSON UNIT TRUSTS Australian Trust Global Technology Trust Japan Trust Japan Special Situations Trust
AITKEN HUME FUNDS (MANAGEMENT) Income and Property Fund Pacific Fund Small Companies Fund Special Situations Fund	HILL SAMUEL UNIT TRUST MANAGERS Capital Trust Far East Trust Smaller Companies Trust
ALLIED HAMBRO None at present on this basis	MERCURY FUND MANAGERS Gilt Fund Japan Fund M AND G GROUP Australian and General Fund Far Eastern and General Fund General Trust Fund
ARBUTHNOT LATHAM Capital Growth Fund Commodity Share Fund Finance and Property Share Fund North American and International Fund	OPPENHEIMER FUND MANAGEMENT Patented Investment Fund Save and Prosper Group Not prepared to disclose
BENTLEY GROUP OF UNIT TRUSTS Capital Accumulator Trust Commercial and Industrial Trust Domestic Fund Growth Trust Shield Unit Trust Special Market Situations Trust	SCHROEDER UNIT TRUST MANAGERS None at present on this basis
FIDELITY INTERNATIONAL MANAGEMENT None at present on this basis	TARGET TRUST MANAGERS Not prepared to disclose
FRAMINGTON UNIT MANAGEMENT None at present on this basis	TYNDALL MANAGERS Australian Securities Fund Capital Fund Financial and Property Fund High Yield Fund Income Fund International Growth Fund Japan Fund Smaller Companies Fund
GARTMORE FUND MANAGERS Not prepared to disclose	
GT UNIT MANAGERS None at present on this basis	

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Some groups however, do not disclose this information even to their customers. John Gittings, investment marketing director of the Target Group, says Target's policy is not to disclose its pricing basis to anyone, not to customers, not even to professional advisers. The Department of Trade and Industry does not appear to be aware of that this information is being withheld by some of its flock. An official said on Thursday: "We have no evidence that people are not being given the information if they ask for it. We have no evidence that the system is sufficiently unfair to individuals to justify a change in the way we administer it. The unfairness arises because every day a bid-offer spread of around 6 per cent is quoted giving unit trust customers the misleading impression that the value of the underlying assets in the unit trust will only have to rise by 6, rather than 13, per cent before they can cash in." Tighter supervision in this area would encourage the unit trust management group not to shift from an offer to a bid basis, or vice versa, so frequently. If there is a rush to cash in units, it is quite open to the management company to buy the units off the investors and hold them without selling the underlying shares (which incurs heavy dealing costs). This would be worthwhile if the selling wave was expected to reverse itself within a few months. In that situation, the management company takes on the risk of suffering a loss on the units it holds if the stock market falls and with it the fund's underlying share portfolio. But, at least to the extent that the share portfolio contains a diversified spread of UK and/or U.S. equities, the management company can hedge against the risk of a stock market fall by selling futures contracts on the FT-SE 100 index in the UK or on one of the U.S. stock market indices. So far, it appears that none of the unit trust management groups have been willing to make life easier for their clients by using these instruments. That includes even the more innovative groups in using futures and options such as Save and Prosper.

Perhaps if unit trust customers were made more aware of how the bid-offer spreads can shift, the management groups would be under more pressure to improve the quality of their service.

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PROPERTY

Why Bermuda is calling

IF THE tax haven that is Bermuda, Britain's oldest colony, the promotion of property to outsiders has been fairly low-key, with popular priced housing being reserved for the locals.

Understandably, because the mid-Atlantic semi-tropical island with its 60,000 population, some 60 per cent black, the rest Europeans, covers only 21 square miles. Non-Bermudians cannot buy a house with an ARV (annual rental value) under \$37,000 (which effectively means a purchase price of over \$500,000), or a flat or town house of under \$13,000, that is, around \$225,000 buying price. (The Bermuda dollar is on a par with the American).

And although the colony, which celebrates its 375th anniversary in October is still very British (they drive on the left and the unarmoured policemen are "bobbies"), the American influence is strong too.

Many of the more lavish properties fronting incredibly beautiful blue waters and pink sugar-spun beaches, have been mainly marketed in America through local agents Cooper Associates, via Preview in Boston. Now wider exposure is being sought through some British agents for these superior places that non-Bermudians, albeit subject to some restrictions, can buy.

I flew British Airways 6 1/2 hours London Heathrow to Hamilton, Bermuda's capital, to visit Perot's Island, idyllic 7 1/2-acre estate of the late Stanhope Joel who died in 1976 at the age of 73.

His third daughter, Thalia "Tilly" Jones, showed me round the fine 15-room coral-limestone manor house. (The horizontally laid tiles of the same stone on the typical white sloping roof conduct rainwater into a channel at the bottom, and thence into storage tanks under the house.)

Agent Christopher Stephenson, The White House, East Garston, Newbury, Berkshire, hopes that it might be possible to use the island as a corporate retreat. He is seeking offers over \$3m (£2.2m), a considerable reduction over the original figure of \$5m, for the estate which also includes a guest cottage, boat house and swimming pool.

Although neither individuals or corporations pay any taxes



Coral stone manor house on Perot's Island, Bermuda, with its "welcoming arms" steps that lead up to a porch to protect the lead up to a porch to protect the visitor against the weather. The late Stanhope Joel's 7 1/2-acre estate is for sale for around £2.2m through Christopher Stephenson International, The White House, Easton Garston, Newbury, Berkshire (048839 654).

on income, profit, capital gains, gifts or transfer, there are some extra costs to be paid for paradise. The government charges 10 per cent of the purchase price on the sale of a property, and yearly land taxes.

A number of London agents including Paul Hutchings of Hampton and Son, Arlington Street, SW1, have been instructed on the spectacularly sited Roundhouse in Tucker's Town. It is near the Mid-Ocean Club where water hazards on golf courses include ponds, ditches and swamps.

The unusual house and guest cottages overlook the bluest of lagoons, surrounded by an abundance of yellow hibiscus, palm trees and some rare cycads (conifer-type plants), many 750-years-old. Originally built for the Rockefeller family in 1929 by Wallace K. Harrison, responsible for New York's Rockefeller Centre, the place is on offer at \$7m by the owner Raymond Ferguson, British subject born in South Africa, a millionaire gem-miner whose company specialises in emeralds, rubies and sapphires. As he explained, almost everything but diamonds.

A view of Henley

THEY HAVE BEEN watching the oarsmen row their way past the winning post during Henley Regatta this week from the balconies of the late Victorian boathouses in Wharf Lane. The visible too should be the illuminated water fountains of the Henley Festival which starts on Wednesday.

On this beautiful stretch of the river with its views upstream and downstream along the length of the regatta course to Temple Island, local boat-builders Hobbs and Son used to make their craft.

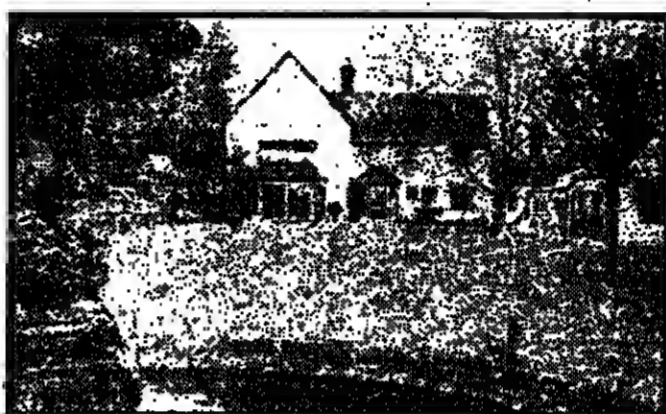
Now the boathouses with their pretty gables and ornamental barge boards are desirable riverside residences complete with landing stage, moorings, wine store and workshop. And one of the three bedroom, two bathroom homes is for sale in excess of £185,000 through Henley-on-Thames agents Giddy and Giddy, acting jointly with Bucknell and Ballard.

With trains to Paddington taking 55 minutes and M4 access points at Reading and Maidenhead Thicket, plus the M40 available at High Wycombe via Marlow by-pass, the area is popular commuter country.

One normally pays something of a premium for being on the water (a two bedroom bungalow between the elegant 18th century Henley Bridge and Marsh Lock is £95,000), but prices are more modest at the back of the town. On Grey's Hill, near Holy Trinity Church (built 1848 by Benjamin Ferrey), the terraced Century Cottage is £57,950 and a 75-year lease on a second floor flat in Temple House, Phyllis Court Drive, is £60,000, reduced from £66,000.

In Bell Street, with its terrace of well-preserved period homes, Number 82 has a Georgian frontage and 18th century back. The well-restored five bedroom house is £140,000, reduced from £150,000. While at the end of the street there is a new three bedroom house for sale at £81,000, part of a terrace built by Thomas and Co of Pangbourne. (Nicholas Brown, Giddy and Giddy is the agent for both.)

Going out towards the country-



Assendene House, in 16 acres at Middle Assendene, in the Chiltern Hills, 2 1/2 miles from Henley-on-Thames, is in the region of £400,000 for the 3-bedroom, 2-bathroom house with a guest suite, barn, paddocks, garaging for 8 cars, and swimming pool and sauna complex. Brochure from Trevor Rees Phillips, Hampton & Sons, 6 Arlington Street, London, SW1 (01-493 8222).

side, prices rise again for more impressive properties. A modern split-level six-bedroom, three-bathroom home about a mile from the centre of Henley, off the A423 Oxford Road, is in the region of £200,000 through Trevor Rees Phillips of Hampton and Sons, 6 Arlington Street, W1, and Simmons and Lawrence, 32 Bell Street, Henley, Hampton are also offering the eight bedroom Cherry Croft in 4 1/2 acres among the towering pines of Kingwood Common, about 10 minutes drive from the centre. For the turn-of-the-century house, staff cottage and stable block £350,000 is being asked.

Night and day with the honeysuckle

FOR SEVERAL WEEKS the house, each evening, has been filled with the scent of honeysuckles. I like to have them growing on the house walls, trained around the windows, and the warm, humid weather of early June brought out the rich honeysuckle perfume to the full and also caused the windows to be open a little. Not all honeysuckles are scented but the kind I mainly grow, known as Early Dutch, has a full spicy perfume which is most freely dispersed in the comparative cool of the evening. During the heat of the day it is not so conscious of it and that is true of a good many flower scents.

There is some confusion between the Early Dutch and the Late Dutch honeysuckles both of which are varieties of the common Lonicera periclymenum. It seems probable that at least two forms have been grown as late Dutch and the one now commonly sold under that name is, in the words of W. J. Bean long rather than late flowering. It is also, in my plants of this variety are correctly named, redder outside and it is just as sweetly scented as the Early Dutch. Because of its extended flowering season it is, perhaps to be preferred in the Early Dutch by my plants of this as so well established and give me so much pleasure that I am content to let them stay.



GARDENING
ARTHUR HELLER

I also grow the honeysuckle that is known as Talliana, a good form of the Asiatic species Lonicera japonica. The flowers are much paler than those of Early Dutch, white when they first open but becoming pale yellow as they develop, and they are very sweetly scented. Like all forms of L. japonica including the one with golden-netted leaves which is known as Aurea-reticulata, it is almost evergreen, completely so in a mild winter, less so if the weather is cold. I think I must also have a variety of L. japonica which Mr. Bean says should be known as repens and which he describes as being a most pernicious and dangerous weed in the eastern U.S. where it overwhelms the native flora and is most difficult to eradicate.

Certainly the one I have, which I inherited and did not consciously plant, runs about freely, rooting as it goes sometimes right in the centre of other plants so that it becomes very difficult to get it out. Thankfully Talliana and Aurea-reticulata do not suffer from the fact that like most climbing honeysuckles, they make a lot of growth which must be kept out of gutters and prevented from penetrating beneath tiles they are not difficult to control.

I do find, however, that they are sometimes severely attacked by greenflies and that these seem to cripple the plants badly, perhaps by infecting them with virus diseases. The damage is worse when the honeysuckles are growing in hot dry places. All seem happiest where it is cool and a little shady with plenty of moisture and food in the soil.

I also grow one of the bushy winter flowering honeysuckles, Lonicera fragrantissima. So different is this in appearance from the summer flowering climbers that I doubt whether most people, previously unfamiliar with it, would recognise it as a honeysuckle on first acquaintance.

But the perfume is there, only waiting for a mild day to bring it wafting on the air and so, though it is in no way spectacular, it is a nice shrub to have about the place. It makes a twiggy bush about 5 ft high with me though in time it will probably get taller if I allow it to do so and its little creamy-white flowers produced in pairs are quite inconspicuous. It might seem surprising that such small flowers can produce so much perfume did one not know that the even smaller flowers of Azara microphylla and Eleaegnus pinnatis can do just the same. With Azara the scent is of vanilla and, since the tiny yellow flowers are mainly hidden behind the leaves, one can be mystified as to its source for quite a long time unless one happens to know the plant well.

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TRAVEL

Buddhas and swimming housewives

BY ARTHUR SANDLES

HIGH ON an oriental mountain a granite Buddha looks out beyond wooded hillsides and over carefully tended fields towards a distant horizon.

For 2,500 years it has sat there, a guardian, it is said, against marauding Japanese pirates. This is a rural part of the world, a bit like Hampshire, with fewer people and the odd hill that pops up higher than the downs.

But this is Korea, with its imagery of battlefields and industrial sweat shops. It is all so different from what you had been led to expect.

Korea leapt from complete anonymity in most European minds 30 years ago to hit the headlines in the least desirable of ways. Such has been the continued tension, and such the success of the television series MASH, that it seems hard to believe that even the younger Britons who were in that conflict are now in their fifties.

The division of Korea has left the region with an open wound. It also presents the writer with the occasional irritating difficulty. Hereinafter, as they say in those legal documents, South Korea will be referred to as Korea.

North Korea is probably a charming place, with its mountains and close cultural ties with the Chinese mainland, but I have not been there. This article is not a political discussion, which is probably all to the good since the nature of the regimes in both north and south leave ample room for debate.

So back to the Buddha, and the Korea that has its capital in Seoul.

The huge statue is at Sokkuram Grotto, a man-made cave, and perhaps its loftiness above sea level, the massive nature of its construction and the fact that until recently only a narrow footpath led from the valley to the summit, have helped to keep it in such magnificent condition.

In Korea, they tell you wryly, most antiquities are "new" antiquities. In other words they are either reconstructions, as is the case of most buildings, or newly discovered, usually from archaeological digs.

Today's visitors are rather more welcome than those of the past have been: indeed Europeans who landed in Korea centuries ago tended to have something of a sticky time. Now Korea wants to demonstrate that it is worthy of a



Musicians at the folk village near Seoul

place on the tourist map and that the facts belie the image.

To be honest Seoul is something of a disappointment. It is one of those dreary overblown cities that have grown without benefit of plan or pride. On its outskirts that is now changing as the prospect of the 1988 Olympics (if ever such a thing is to be) looms large.

A whole new zone is being created for the event. At least I can say I stood in the Seoul Olympic stadium and gave a cheer for Britain when the running track was no more than a hole in the ground. The swimming pool was in use, filled when I saw it with hundreds of giggling Seoul housewives having their swimming lessons.

It was one of life's stranger introductions: "Meet, dear visitors, hundreds of giggling, wet, housewives." And: "Meet, dear housewives, one dry, besuited, embarrassed journalist."

There are some palaces in Seoul which teach the visitor a great deal about Korean history and architecture but which tend to be more appealing for their gardens than their buildings. Korean royals, apart from building largely in wood, a commodity which lends itself to the arts of invading incendiaries, also preferred modesty in outward displays of wealth.

The philosophy that gave us Longleat and Versailles never held sway in Korea. It is

There is some good shopping, particularly for reproductions of old Korean china and modern chic designer clothes. My summer collection of Ralph Lauren shirts were US\$3 a time. Duck down coats and jackets are about a third of the UK price.

Another memorable discovery was the ideal buffet. The Seoul Hilton, a rather good example of that chain's craft, offers a two section buffet at times. There you can mix Oriental meats and fish with western veg.

The real Korea starts at the main railway station. There, if you are wise, you catch the train south. The tracks weave through the inevitable suburbs and thence out into a pleasantly diverse countryside.

Here and there little villages with brightly wash-painted houses cluster among neat fields. The all-purpose farm engine, like an overgrown tractor that can plough or pull a trailer, chugs everywhere. In terms of size you are not far wrong if you think of the entire peninsula as being about the area of the mainland UK, with Scotland the North and England south.

Put Seoul roughly where Liverpool is and imagine that the particular train I was on was heading for Norwich, except that in this case it was Kyongju.

Kyongju was the capital of the Silla kingdom. Its fertile plains were far enough from the troublesome mountain people, and the turbulent Mongols who lived beyond them, for there to be a degree of stability here for hundreds of years.

The marauding Japanese were a nuisance from time to time but by and large Buddha seemed to do his job. In recent years dozens of Silla tombs have been excavated, revealing a new wealth of offerings the visitor a fascinating and literal insight into the past.

Many of these treasures can be seen at the vast Kyongju Museum, a spectacular modern building which contains a huge range of exhibits. Anyone who says the Korean exhibition in London would find that was simply an hors d'oeuvre to this feast of the past.

The whole area of Kyongju is dotted with tombs, palace museums and statues. There is also a new resort area with pleasant modern hotels beside a lake. While there I also tracked down the Korean equivalent of the Japanese Geisha houses, the Kaejang House.

The nearest English verbal equivalent of this, the Kissing House, proved to be worryingly accurate since, after hand feeding of artistically created delicacies in the isolated grandeur

of a sumptuous old country house my companion, dressed like some colourful oriental butterfly offered other services our reporter made his excuses

From the cultural and other delights of Kyongju you are only a hop and a jump away from Cheju Island - if you take one of Korean airline's Airbus that is.

This time, using our England map as a basis, you have gone from Norwich to the Isle of Wight.

Cheju is really an extinct, or at least deeply slumbering, volcano sitting in the sea.

Although the climate is temperate, in a southerly sort of way, it is on roughly the same latitude as Casablanca. Jeju is quite big and rich in its own history. The first westerners to enter Korea landed here in 1553, a group of Dutch sailors who were promptly hauled off to the mainland for inspection.

It is to this island that the Koreans entice business visitors who tire of the hustle and bustle of Japan, only a short direct flight away. It is indeed a gently relaxing sort of place.

Some 25 British tour operators offer trips to Korea, some as part of a general Far Eastern holiday. Details from the Korea National Tourism Corporation, 1 Hanover Square, London W1R 9RD. UK nationals, along with those of most European countries, do not need visas for holiday trips of up to 60 days.

From Bermuda, Andrew Doble reckoned that his tiny island home would absorb 500 battery cars a year, with a top speed of 30 mph and a 40-50 mile range, if the price was right. A similar specification would satisfy Roger M. Bale, of Jersey, where the speed limit if 40 mph is 5 mph higher than Bermuda's.

And two sisters living on the Isle of Three, Argyll, where petrol is already over £2 per gallon, were taken with the idea of having a battery car in which to run their errands—if it wasn't too expensive, you understand.

"And what is the right price?" "About £500—the price of a good motor-bike," said Mr R. A. Holt, of Bournemouth. (Has he looked at the price of motor-bikes recently, I wonder?) "Not more than £2,000," said Mr A. E. Chester, of Leeds—though he expected a 50 mph maxi-

Shocks from battery

THE HOTTEST sales prospects for Sir Clive Sinclair's forthcoming battery-electric car appear to be old age pensioners living on islands.

Some weeks ago I reported that Sir Clive, of electronic calculator, pocket TV and home computer fame, was planning to market a battery car in about 12 months time. It will be assembled by Hoover, sold at an unspecified but "extremely competitive" price; and would, he considered, appeal to commuters, shoppers and the younger generation.

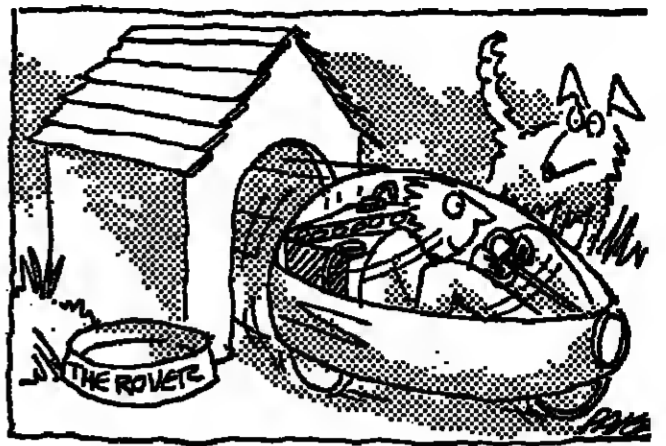
The letters from readers of this column whose views I sought have been striving ever since. Almost none has been from an identifiable commuter. I doubt that more than two or three were from people under 40 years of age.

The vast majority who expressed an interest in becoming electric car owners were men and women of mature years seeking a trouble-free, non-corroding, Fiat 126-sized runabout that could be recharged overnight with cheap rate mains electricity. Several readers went one further and suggested recharging the batteries by wind-driven generator. Either they live in places where howling gales are frequent or they are exceptionally patient and have unusually flexible travel requirements.

From Bermuda, Andrew Doble reckoned that his tiny island home would absorb 500 battery cars a year, with a top speed of 30 mph and a 40-50 mile range, if the price was right. A similar specification would satisfy Roger M. Bale, of Jersey, where the speed limit if 40 mph is 5 mph higher than Bermuda's.

And two sisters living on the Isle of Three, Argyll, where petrol is already over £2 per gallon, were taken with the idea of having a battery car in which to run their errands—if it wasn't too expensive, you understand.

"And what is the right price?" "About £500—the price of a good motor-bike," said Mr R. A. Holt, of Bournemouth. (Has he looked at the price of motor-bikes recently, I wonder?) "Not more than £2,000," said Mr A. E. Chester, of Leeds—though he expected a 50 mph maxi-



mum, 40 mph rate and a reliable range of 50 miles.

I was surprised that most readers' requirements as to speed and range were so modest. They would easily have been met by the Enfield 8000 battery car of nearly 10 years ago. That ran for a maximum of 40 miles per charge, accelerated briskly to 20 mph (and much more slowly to 30 mph) and was a commercial disaster, not least because it was twice the price of a Mini.

All the major car makers have machines like the Enfield 8000 pigeon-holed, awaiting the development of something more cost-effective than the lead/acid battery Sir Clive Sinclair is relying on.

Sir Clive is being realistic. There are better batteries, but

MOTURING

STUART MARSHALL

not at an economic price. Lucas has a nickel/zinc battery with 2.5 times the energy density of lead/acid but it costs three times as much.

No details of Sir Clive's battery car have been leaked but it seems possible it will use a new kind of final drive gear. This "Squirr Drive" is so called because it is like a conventional worm gear but has roller bearings instead of fixed teeth. It is said to reduce friction significantly just as recirculating ball steering is much lighter than the old fashioned worm and nut variety.

He will, presumably, make every effort to reduce weight to a minimum and perhaps use regenerative braking to cut the use of batteries. The electric car has to lug around by conserving the energy they contain.

Some of the most pessimistic letters have come from readers with long experience of electric traction. In fact, Marshall's Law of Battery-Electric Motoring is

that enthusiasm for it is inverse proportion to knowledge of it.

Mike Warrington, managing director of Harbilt Elect Vehicles, has been in the bus of making history trucks every kind for 30 years. I would buy an electric passenger car—only as a pet in the stable assuming the stable was big enough to house it and a pocket deep enough to afford it.

Another technically qualified correspondent was Fraz Wykes, who races battle vehicles—yes, really—but car his living in automotive industry research. His vision of four-passenger (or three passenger) battery-electric car would look like any other except that it would have so-called "flexible" wheels.

The only practical way of solving the problem of minimizing air resistance and battery weight is to make the car exceptionally long and thin. "I'm thinking of a car 13 long but only 28 inches wide... imagine a double-length Mini... I'll be in the car by 11.15. You'll get it by 11.15. You'll get it by 11.15."

Sadly, I haven't the space for the ideas put forward by many correspondents. Lil the battery-changing station where the electric car would draw-in for a new set of fuel tank filled, or to scope for senior citizens to go on holiday with their 40-mph range battery cars by putting them on Moirair at half price variety.

One final thought. Electric is not a form of energy, mere a convenient way of transmitting it. The average fossil fuel engine is a much less efficient (and arguably more polluting) energy producer than an internal combustion engine.

But it'll be in the queue—battery—if not to buy—Sir Clive's car next year. Who knows?—I might be in for pleasant shock.

Holidays & Travel

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BOOKS

Girl alone

BY ROBIN LANE FOX

George Steiner, Oxford, £15, 196 pages.

Which play has been the most universal, the most widely 'formed in the world, and why? George Steiner singles out the Antigone by Sophocles. In his profound and vibrant book it makes it hard to differ from his choice. Apologising for his "lame and derivative" text, he takes us to and fro Sophocles' text, making point after point about its elusive guage and possible over-

unsure we must be of his intention, language and above all, the dancing and music. After four dense pages on the play's first line, he cites a recent Cambridge scholar's crusty comment on the second and third: "I write this note only to show that the difficulties of this notorious passage may be even greater than we bed imagined." Meny would say that tells us more about the editor than Sophocles.

Steiner is perhaps too indulgent to teachers' fantasias and suggestions which no respected classicist, or pupil, would



Sophocles, from "The Portraits of the Greeks" (Penguin, £25.00, published on July 12).

He follows its afterlife through German romantics and Josephs' operas, classicists in modern re-setting, by outline and the rest. He gives a glimpse of what the play meant to him and why. As a boy, he read the myth in an encyclopaedia and then, at 16, he studied the text as a pupil in Greek at a Lycee in New York during wartime. One of his fellow pupils, aged 17, to fight and die in the French Resistance, an action which, he tells us plainly, "lives for me in the play." The book is powerfully conveyed and deeply felt at the same time.

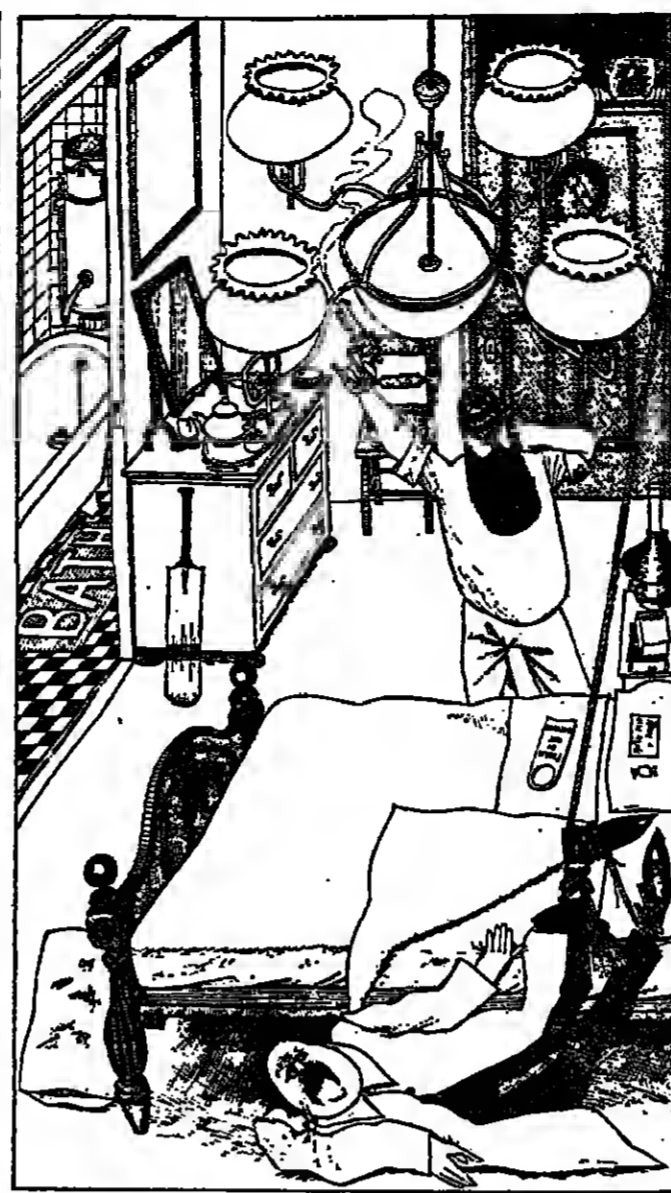
As a tour of subsequent Antigones, it is a virtuoso performance. The Antigone is first performed in 442 BC and won first prize. There is a pleasant legend that the hemians elected Sophocles a neral on the strength of it. The play's particular twist: other versions are very different, not just the hints which thrilled Antigone-watchers when published from a papyrus as early as 1975. The core of the play is extremely simple. Antigone, Oedipus' daughter, shies to bury her brothers who are died attacking Thebes. The ruler of Thebes, Creon, forbids a burial of such a public enemy. If you are unsure of a sequel, you can now read it. As Steiner well puts it, it is a play about the simplest, universal oppositions between an old man and a young man, society and individual, the living and the dead, man and gods.

connection with changes in Athens' democracy and the Periclean age are oblique, but important.

On the play's after-life, Steiner is at his best. He is our one truly European man of letters and for me he brought out how vivid a life Antigone has led in Germany and France. In English, her sisterliness appealed powerfully to Shelley and the Romantics, her womanhood to Virginia Woolf end in a way, to George Eliot who put her on the last page of *Middlemarch*. But I feel that the English Antigones have lacked the metaphysical and political dimensions, the resonances of Hegel and Holderlin, Anouilh and Brecht. In post-Nazi Europe, she moved at once to the centre of the stage. Like Euripides' Orestes, which recent German scholar has called a "Gangsterstück," she has tied up with the Bader-Meinhof complex, the Patty Hearst and, inevitably, woman's lib. She is the most universally political figure, posing the question which every society faces: which comes first, the family or the state? She poses it as a young person, a female.

Antigone's appeal, I suspect, derives simply from these facts about her and from the political and educational history of the countries which have admired and re-cast her. Steiner, as always, dives deeper in search of her roots. Plainly, this book is an interim statement of the force of the Greek myths. As an outsider to modern literary studies, I feel that they sorely risk confusing philosophy with literature and trying to be more intellectual, more clever than their subject requires. Steiner, too, is concerned with the cloudier questions, the nature of reading, the text, the grammatical and syntactical constants.

The power of Greek myth, he believes, derives partly from links with basic facts of language itself, an "indication of the mythical situation in the semantic one." Hence, he believes, Antigone has been universal, whereas Shakespeare's plays have not. We will have to see what he has up his sleeve. Yet when I think of Greek myths, of Perseus, Bellephoron or Achilles, I find it hard to bring them into any serious relation with grammar and gender, semantic encoding, cases, signifiers, or the concept of the optative mood.



Retired hurt—one of William Rushton's drawings for his novel *Swallow* reviewed below.

Fiction

Quick swoops

BY NICHOLAS BEST

Swallow
by D. M. Thomas, Victor Gollancz, £3.95, 312 pages
The Emperor's Tomb
by Joseph Roth, translated by John Hoare, Chatto and Windus, £3.95, 157 pages
W. G. Grace's Last Case
by William Rushton, Methuen, £3.95, 288 pages
So Say Banana Bird
by Jon Wynne-Tyson, Pythian Books, £3.95, 362 pages

selling cousin, and Manes Reitsiger, an illiterate Jewish cab-driver. These people, he realises, are the genuine article—rather than his titled father-in-law who makes bats for the army, or his wife Elizabeth who lives with an Arabian while he is in prison camp.

Genuine they may be, but we can only take Roth's word for it, for the narrative is often crude and unconvincing, as if the off-cuts from his other books had all been lumped together and rolled into one. It is not enough to say that such and such a character was a good man, or that another was revealed by the war in his true colours. They must be seen in their true colours as well.

The opening scene of *Willie Rushton's* first novel *W. G. Grace's Last Case* gives as good an indication as any of what is to come. Lords in the 1890s, W. G. Grace at the wicket in England in 1945, his political responsibilities included Italy, Yugoslavia, Greece and the Balkans as well.

Who indeed? With a cast of thousands, anyone who was anyone in the naughty nineties—Lord Grey, Stowe, Buffalo Bill, Scarle, O'Hara, Henry James, Whittier's Mother, Bill Edison, Oscar, Toulouse, Utrillo ("pissed again"), even a young Picasso—could have been responsible and probably was. It needs the heavyweight Inspector Lestrade of the Yard to get to the bottom of it.

The plot is harry, but the jokes are good and the invention never flags. The author supplies his own illustrations. His only mistake is to use up too many characters at one sitting. He would be pushed to write a sequel along the same lines.

Jon Wynne-Tyson's *So Say Banana Bird* will be a must for sailing buffa, especially those middle-aged men who dream of abandoning wife and career and the curse of the dishwasher for a solo voyage to the West Indies on their own yacht. Unemployed satirical novelist Matthew Brause does just that, with results that turn out to be unpredictable, if at times they stretch the credulity rather too far.

The Caribbean island of Zafada is uninhabited, but boasts a post office for the issue of lucrative first day covers. The kingdom of the island is claimed by a mysterious Englishman, and it is clear that curious strangers are unwelcome. Politics, big business and murder provide a plot of sorts, but the author's touch is a trifle uncertain on dry land. He is at his best with the wind in his face and the boat beam-on to a sudden squall.

The bell tells

BY JOHN MOORE

Lloyd's of London: A Reputation at Risk
by Geoffrey Hodgson, Allen Lane, £14.95, 378 pages
Lloyd's of London: A Portrait
by Hugh Cockerell, Woodhead-Faulkner, £12.50, 157 pages

The Lloyd's insurance market has experienced a number of shocks in the last few years. Britain's premier insurance community, with origins dating back nearly 300 years, has been awash with scandal and seldom out of the headlines. Its market practices have been the subject of criticism, both inside and outside Parliament, and its system of self-regulation has been found wanting.

The most cherished traditions of unshaken good faith in the commercial transactions within the market have been eroded by competitive pressures and sharp practice in Lloyd's and other insurance centres. Other more serious problems emerged in the last two years. Top insurance brokers, who bring business to the Lloyd's insurance market, and underwriting executives were alleged to have misappropriated millions of pounds of funds belonging to the market's own membership.

The time was ripe for someone to attempt to pull all the events of the last few years together into some permanent record and place the problems in a context.

As often happens two books on the same subject have appeared at the same time. Of the two volumes, Geoffrey Hodgson's is the more important work in that it deals in considerable detail and depth with two episodes at the end of the 1870s which marked the beginning of a re-assessment of the Lloyd's community.

By contrast Hugh Cockerell's work acts as a useful companion

to his rival. The author discusses the problems and scandals in a matter-of-fact way, and is critical of some aspects of the institution's administration. But his prime objective has been to help the reader identify the various organisations which make up the Lloyd's operation and to see how they mesh together.

Hodgson has explored how the machinery is supposed to work and investigates some cases when things went in his words, "spectacularly wrong." Hodgson has found a world inhabited by people of the greatest imaginable diversity, by people of the most staid conventionality and respectability and also by buccaneers without a scruple between them. The author succeeds in bringing the Lloyd's market to life and conveys the vitality, and occasional excitement, in its daily business operations.

He characterises Lloyd's as an ocean-going liner and throughout the book sustained nautical metaphor is used to explain the subject to the general reader. In the first 150 pages the author sets the scene and describes the personalities as he watches them carry out their business. He describes the unusual composition of the large Lloyd's private membership which is a mixture of old money, the landed classes, the aristocracy and self-made men.

The core of the book is formed of a study of the Sasse and Savona affairs, which are both given a chapter. These were the first warning signs that something was not quite right at Lloyd's, although at the time, nobody could be sure what it was that was wrong. The Sasse affair spotlighted how vulnerable Lloyd's was to corruption beyond its walls while the Savona affair raised questions about regulatory practice and regulatory standards within the market.

Later episodes were to show that corruption could extend within the Lloyd's market itself. Both books have been in preparation while scandals involving allegations that funds belonging to members of the market had been misappropriated by market professionals were coming to light in the Press. "One problem faced by all porters' printers," says Cockerell, "is that the sifter will not keep still. Certainly, Lloyd's has not kept still."

The flawed affair examined in the last few pages of the Hodgson book and there has only been time briefly to describe the Sasse affair, possibly the worst of all the scandals, as perhaps its headlines have loomed. The later sections of the book have obviously been written at a breakneck speed, drawing heavily from press reports as they came. Other obvious omissions are discussed.

Hodgson concludes that what is necessary for Lloyd's is an independent regulatory body, set up by Parliament with the power to "send for persons and papers"—a body designed to regulate the regulators. The conclusion is debatable. Lloyd's is already answerable to the Department of Trade and Industry and the Bank of England has been keeping a vigilant eye on developments in Lane Street. Moreover, the regulatory mechanisms are being overhauled, and an outside chief executive for the market has been appointed.

This well-written book has demonstrated that as yet Lloyd's ruling authorities have the capacity to make a boundless middle out of a couple of the problems, that they face in attempting to protect the interests of the market. It has not demonstrated that Lloyd's new powers of self-regulation should be qualified. The coming weeks and months should show them being tested to the full.

Mac's war

BY ZARA STEINER

War Diaries: The Mediterranean 1943-1945
by Harold Macmillan, Macmillan, £15.50, 695 pages

A politician's diary is a monologue hoping to be overheard. Harold Macmillan's *War Diaries* will ease the way for his future biographer. Even without benefit of hindsight, it is clear that Macmillan had a "good" war. He was the right man in the right position. On the last day of 1942 he was sent out as British Minister Resident with Cabinet rank to North Africa. By the time he returned to England in May 1945, his political responsibilities included Italy, Yugoslavia, Greece and the Balkans as well.

The Mediterranean proved to be one of the few areas where the shifting relationship between London and Washington still left the British with considerable scope for action and where even in Italy, at least until the end of 1944, diplomatic skill and political acumen could compensate for diminishing strength. The case was otherwise in Bulgaria and Romania; Macmillan's entries helplessly record the stages of Russian take-over.

In all these areas there were military operations and civil disorder. It was a transitional period in the middle of an unfinished war. Macmillan rose magnificently to the political challenges of occupation and reconstruction. He was in the centre of the De Gaulle-Graud confrontation. He played a critical part in the Italian surrender and the return of power to some form of democratic rule. He favoured Tito against those British and Americans who still supported Mihailovic. He strongly recommended that British troops be used to defeat Elza but successfully opposed Churchill's plan to restore the King to the Greek throne. He was instrumental in the appointment of Archbishop Demaskinos as Regent in Athens. Macmillan exercised a degree of influence in Algeria, Italy and, above all, in Greece, that was unusual in war-time and almost unique in British experience. These diaries, begun as letters to his wife, are the often daily record of the man-on-the-spot who had to face pressing problems.

What accounts for Macmillan's success in a position in which he could have so easily failed?

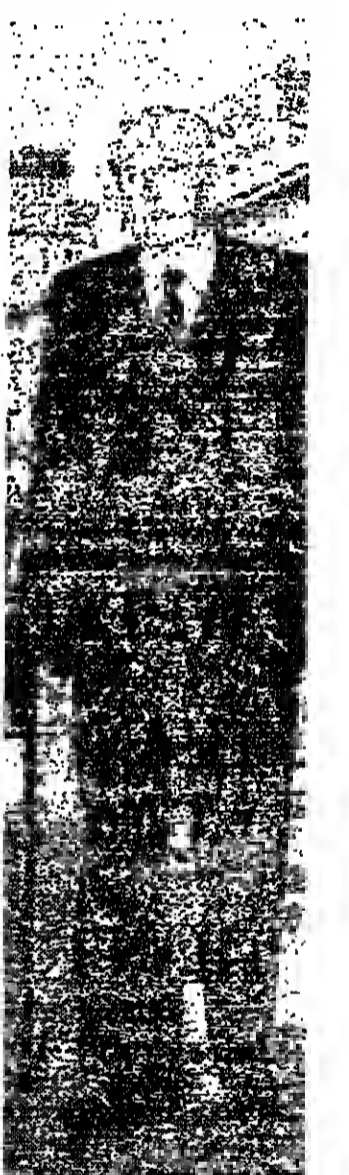
He rarely overestimated British strength or his own room for independent manoeuvre. He worked well with the Americans, respected Eisenhower, "a real natural simple gentleman" and collaborated closely with Bob Murphy, his American equivalent. This does not mean that slightly patronising tone so often resented in the Allied partnership but Macmillan's reservations did not cloud his personal relationships. His critical remarks about Washington and local Yankees are more than matched by acid comments about Whitehall. British diplomats and wooden-headed British generals. Relations with Ambassador Bogomolov in Algiers and Italy were correct ("caviar and vodka for the swells, meal-rolls and red wine for the masses") rather than intimate.

These entries, too, suggest that Macmillan was a superb judge of men, foreign and British. His appreciation and support of De Gaulle was matched by an uncanny ability to sense how that prickly figure might best be handled. Macmillan was more often right than wrong not only in his critical appraisal of the capacities of the Kings of Italy and Greece but in the more difficult task of comparing the merits of rival claimants for the new positions of power. He was equally shrewd about his own colleagues and masters. The timid and the cautious irritated him, he detested bureaucratic red tape and pedantry. The Foreign Office is repeatedly criticised in these pages and neither Sir Henry ("Jumbo") Wilson nor Sir Noel Charles, the British Ambassador in Rome, measured to Macmillan's standards. He had little time for Sir Edward Spears or for the intrigues of Randolph Churchill. It was General Alexander who commanded the Minister's respect, admiration and affection; the General towers over most of the figures in this book. Macmillan fully exploited his right of direct access to the prime minister and could, at times, tame the mighty Churchill as he had De Gaulle. He guarded his local independence tenaciously and proved exceedingly stubborn when the Foreign Office tried to abolish his post. But Macmillan recognised the moments when it was better to yield power and to hand over to others responsibilities which, by their very nature, were only temporarily his.

Macmillan's war was a war of the spirit as much as it was a war of the body. He was a man of the spirit as much as he was a man of the body. He was a man of the spirit as much as he was a man of the body.

What is revealed in these pages is an intensely practical administrator and a supremely realistic politician-diplomat at work. In short, these diaries, which are fascinating to read and difficult to put down, tell one more about Macmillan than about the men he encountered or the events in which he participated already described in a more ordered fashion in *The Blast* of War.

In the background, there are the Whig connections, family, social and political and the pleasures and prejudices of the old Edwardian governing class. There is the love of trees and flowers to be shared with Dorothy and the scene of joy in reading good books and visiting Perugia, Assisi and the other physical reminders of a more peaceful past. These pages throb with activity, the momentous happenings and the richest possible mix of people. But if these diaries record the emergence of a future prime minister, they also portray the sense and sensibilities of an earlier generation. They reveal a man, courteous, confident, practical, energetic and shrewd—not an inaccurate self-portrait to leave for posterity.



Macmillan: "a good war"

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Matelot

BY DAVID BLACKWELL

Heart of Oak
by Tristan Jones, Bodley Head, £3.95, 282 pages

Reading of Tristan Jones's exploits in *The Incredible Voyage* and *Ice*, which records his battles with the South American jungles and the frozen north, one cannot help but wonder at his powers of endurance.

Heart of Oak is the story of the hard school he attended as a youth and young man in the Royal Navy, 1940-45. His report from the lower deck leaves no illusions about the conditions which ordinary seamen suffered. The book is thick in the thick of things—sunk three times before he was 18, and a witness to the end of the Hood, Bismarck and Seeharhorst.

But before the battles and ships came 300 days of training at HMS Ganges, the East Anglian shore based establishment for boy-recruits of between 15 and 17.

Since I left Ganges I have been in many hellish places, including a couple of French Foreign Legion barracks and 15 prisons in 12 countries (he writes). None of them were nearly as menacing as HMS Ganges as a brain-twisting, body-racking ground of mental bullying and physical strain.

Later, on Arctic convoy duty, he and the other matelots, as he terms them, were amazed by the easy going nature of the U.S. ships—and by the steaks, ice-cream, laundry, and choices of menu.

The idiosyncratic style of Mr Jones can sometimes grate on the nerves, but there is no denying that his overall effect is powerful. His descriptions of the deaths of his friends in various battles are moving; but on a lighter note, he is brilliant at comic sketches, particularly of a sailor's shore pleasures.

Barnett Janner: A Personal Portrait
by Elsie Jenner, Robson Books, £9.95, 211 pages
Barnett Janner will probably be ranked among the most outstanding backbench MPs of this century, and his political life spanned a large part of it. He was born, the son of the only Jewish family in Barry, South Wales, in 1892 and he died, having been active almost to the last, in 1982. He went to

Difficult to know what to make of D. M. Thomas's *Swallow*, a sequel in part to the equally elusive *Ararat*. Set primarily in Finland, at a storytelling Olympiad which requires competitors to improvise for hours on a theme handed to them in an envelope, it ranges swallow-like across the world from seedy Soviet bedrooms to the White House during a suspected nuclear attack from the author's childhood to the South Africa of Henry Rider Haggard's King Solomon's Mines. It is part dreamland, part satire, part poetic fantasy, part autobiography, part dirty book, an improvisational novel employing a whole ragbag of special effects—the sort of novel, in fact, that sustains unpublished concrete poets in their belief that the public is not yet ready for them.

But D. M. Thomas is a published poet and a writer of great fluency and imagination, secure enough in his talent to stick his neck out where others would keep behind the parapet. Not everything he tries in *Swallow* comes off. Some of the jokes fall flat and some of the sexual scenes are downright nasty—not least that bit about Sir Henry Curtis and the Zulu warrior Infadros. The book is hard going in places. But the images linger in the mind and the overall impression—for anyone prepared to make the necessary leap in imagination—is of an abundant talent that holds the reader's interest to the end.

The same cannot be said of Joseph Roth's *The Emperor's Tomb*, a lament for the golden days of the Austro-Hungarian empire, originally published in German in 1938, published now in English for the first time. Roth was a lugubrious author, best known in England for *The Radetzky March*, banned always by the collapse of his world in the aftermath of the Great War. The narrator of *The Emperor's Tomb*, Trotta—a cousin of the Radetzky Trotta—speaks for Roth, speaks also for his generation.

Instead of serving in a smart regiment with his upper class Viennese friends, "waltzers in uniform," Trotta chooses to fight the war in the company of Joseph Branco, his chestnut

the course of one Parliament. He crossed in 1935, having lost his seat in Whitechapel. The local Liberal Association then passed a vote of thanks for all he had done for the constituency. Political defections take place in a rather different atmosphere today.

He was sometimes thought of as identified almost exclusively with Jewish causes. No Jewish gathering, it was said, was quite kosher without him. Indeed in 1945 he was told that if only he would

King of the back-bench MPs

BY MALCOLM RUTHERFORD

the Palestine business for a bit, he would quickly become a Minister. But it seems that he had no desire for office. What he was delighted in was representing his constituents and seeking to improve legislation from the back benches.

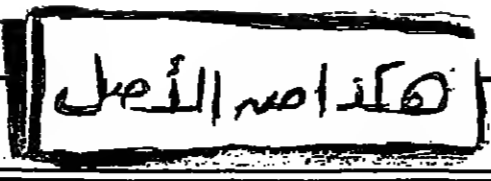
Housing was one of his specialities. It was also Janner who succeeded in pushing through a ban on flick-knives, partly by dramatically producing one in the House. When

a tribute in *The Times* noting his major contribution over the years to the Zoo Licensing Act which in 1961 finally brought all the zoos in Britain under legal control. Few MPs could have had such a wide spread of interests.

No one will claim that this portrait by his widow, Elsie, is scintillatingly written. The style is more than a touch pedestrain. But it is a useful record of a man who achieved far more out of office than many have achieved in it.

Handwritten signature or initials at the bottom of the page.

HOW TO SPEND IT



by Lucia van der Post

Hampers and Champers

THE success of alfresco eating and picnics in particular seems to me an entirely haphazard affair. I've had fly-blown sandwiches in the lee of hills, sheltering from the North wind and been unsurpassedly happy. There have been other moments when all should have been well, when the food was everything one could have asked for, the weather matchless and somehow an unaccountable melancholy fell upon the day.

Much seems to depend upon the company you keep. There are some for whom any kind of picnic is an absurd and uncomfortable venture and they are probably better left behind. There are others for whom the very mention of eating out of doors brings a light to the eye and a spring to the step.

Few, however, can escape picnics altogether. They are an inescapable part of the British summer scene and to me, as a colonial whose childhood seems in retrospect one long casual seaside picnic, nobody does it more grandly than the British. The hampers, the quails' eggs, the lobsters, the exquisitely chilled bottles, all these struck me as marvels of sophistication on my first encounter with the genus. Picnics can be as grand or

as simple as you like. Almost every supermarket these days provides the sort of simple but delicious picnic that Elizabeth David describes so graphically in *Summer Cooking*—the crisp French bread, the cheeses, the sliced sausages, the firm apples, the essential dark bitter chocolate—and many of them provide a great deal more. In my local supermarket last weekend I found quails' and gulls' eggs, smoked salmon, ready-iced, smooth and rough pates of cheese, of wines, and of breads.

And of course, for those events where champagne is a must, chateaux stores house varieties of Tesco, Marks and Spencer and Sainsbury breads were much approved of by our experts in the HTSI page champagne tasting held 18 months ago) are very reasonably priced.

However, for those who are looking for grander fare, for the lobster, the chicken in aspic, the three-course set-piece, all impeccably packed in traditional wicker hampers, then there is a host of companies that will provide them ready-made, so that all you have to do is to pay the bill.

JEAN-PIERRE'S PANTRY, 65, Queenstown Road, London SW8 (telephone 01-720 8592) offers two hampers—one is £27 for two people and consists of avocado with prawn cocktail rare topside of beef, boney roast ham, potato salad, mixed salad, lemon mousse or Stilton, Brie and cheddar and biscuits plus a half bottle of Moët and Chandon. Hamper B offers smoked salmon (or terrine de légumes with coulis de tomate), *delice de saumon* (or *noisette d'agneau en gelée à la menthe*), *salada de légumes*, potato salad, strawberries and cream (or Stilton, Brie and cheddar with biscuits) and a bottle of Moët and Chandon at £37 for two people.

Hampers are returnable, 48 hours notice is needed and they can be delivered in central London or collected from Queenstown Road.

NUTTALL, The Annexe, Stubbings House, Henley Road, Maidenhead, Berkshire (telephone 062832 3351) prides itself on its wicker hampers, its glasses, plates, cutlery and matching table (all of which are



Annie Marrow

yours to keep, unless you wish perhaps for a bulk order just to hire).

It has devised a series of hamper contents ranging from the cheapest, the Afternoon Tea Hamper at £28.75 for four to the Grand Prix (lobster, French baguettes, roast rib of beef, milted potato mayonnaise, green salad, tomato and avocado vinaigrette, wild strawberries in kirsch, chocolate meringue surprise, Stilton and

Brie, hand made chocolates, mineral water and two bottles of Moët and Chandon champagne) at £123 for four.

Nuttall offers the great bonus of delivering hampers to almost every popular sporting venue, so you just turn up at say, Ascot, Henley or Lords, and there is your very own picnic.

HOBSBS, 29, South Audley Street, London W1 (telephone 01-409 1058) hires out its picnic

baskets which have hand-painted cutlery, china plates and proper wine glasses and it can be filled with a simple ploughman's picnic costing £20 for four people or else there is a grander menu featuring things like herbal sausages, Mediterranean prawns with mayonnaise, poussin stuffed with pine kernels, herbs and rice, seasonal salads, strawberries and clotted cream, a selection of French farmhouse cheeses, baguettes and butter, for about £60 for four people. Drinks are extra. Hire of basket is £2 a head.

JUSTIN DE BLANK, 42, Elizabeth Street, London SW1 (telephone 01-730 0605) offers very flexible picnics from the complete range of ready-prepared foods. However, there are some specific picnic suggestions—for instance at £8 a head you could have spinach roulade with asparagus mousses, seafood with pasta tossed in herbs, two salads, chocolate set orange mousse, cheese and biscuits, bread roll and butter, lemon and Perrier water while for £25 a head such exotica as smoked salmon, lobster, rare roast beef, rare delicacies would be included. The prices include wicker hamper, cooler

bags, crockery, linen tablecloth and everything else you need, which you then keep.

GASTRONOMIQUE, 25, Red Lion Street, London SW1 (telephone 01-242 9997) does not believe in wicker hampers ("so impractical to pack and to carry") but offers everything else needed for a picnic, including cooler boxes, plates, china and glasses. It is very experienced in providing food for all events and you are best to discuss your requirements on the phone. There is no standard picnic list but food suitable for Glyndebourne would cost about £10 to £12 a head depending upon the selection.

DUFF AND TROTTER, Bow Lane, London EC4 (telephone 01-582 8373), is a large catering operation and so offers a vast range of ready-prepared dishes from which to choose.

However, for picnics it has devised three main groups—the Glyndebourne picnic which is grass food, three courses and basically the equivalent of a dinner party, at £10.95 a head for the food. Then there is the Ascot, which is also three courses, but lighter ones, at about £8.50 a head. Finally, there is the Racing picnic with

all the food designed to be eaten in the fingers, suitable for events like cricket match at £6.50 a head.

All picnics can be supplied in three ways—the food or with disposable cutlery plates, or else with wicker hampers, china and glass. Hampers are usually returned and there is a small hire charge. The food sounds the original of all with The Glyn picnic offering a chic of half a lobster with cucumber mayonnaise, chicken and marinated chicken breast with fresh coriander and spices; a lemon saffron sauce, a boucuf strouffoff or poached salmon trout. Puddings are mouthwatering. Duff & Trotter will deliver anywhere London.

PASTA PASTA, 52, Pimlico Road, London SW1 (telephone 01-730 1435) supplies fabulously traditional hampers with matching tablecloths, napkins. It can be filled at cost of £6 a head (£7.30 wine—or buy your own), chilled soup, a selection of salads, pates and salams, cheese, fruit salads, olive breadsticks, rolls, butter, a mineral water. The hamper returnable.

Brollies for all seasons



Faustine Rosenthal

IF A suntan is still seen as a beauty aid or, for a while, a status symbol, then acquiring one seems fraught with danger. All the beauty houses, not to mention the medical authorities, have been telling us for years of the dangers of inattentive sunbathing—wrinkles are the least of the dangers, sun cancer the worst. But do not give up. You may still tan safely if you do it carefully and slowly. The beauty houses have all gone in for simple and easy labelling of their sun-care products so that almost everybody by now must know what SF means (if SF stands for sun protection factor) and the higher the better, with 30 standing for a total sun block and SF3 probably being the lowest SF factor most

British skins would contemplate using).

Another method of screening out the dangerous rays has been devised by Solmax, which has developed a translucent violet plastic film which screens out all the harmful burning rays of the sun and lets the toning ones through. You will brown, but you won't burn. Even babies can lie safely under it for up to two hours a day for the first few days.

Solmax has incorporated this film into a whole range of holiday or garden accessories. It is to be found, for instance, in this beach umbrella photographed above. It can be found in a large shade which could be used for beach or garden use, in an igloo-style shade for sunbathing, in a sun visor, a hat, a beach screen,



a watch strap (for those who can't bear the white mark made by most straps). The list is endless. There is, I have to tell you, a snag. The colour of the strip is a particularly upsetting shade of violet.

If you're interested in the Solmax products most high street stores carry a selection but in particular you will find them in Harrods, Selfridges and Fenwick's in London, and at Bentalls of Kingston-upon-Thames. Or ring the company direct, Hull (0482) 24494.

If, like most of us, you more often open an umbrella to keep out the rain, and if you are given to watching sporting events where carrying extra umbrellas is quite a burden, you might like to think of investing in the double umbrella. Sylvia

of 25, Beauchamp Place, London, SW3 and an incurable romantic calls it the Lovers' Umbrella.

In plain red, black or blue or in white and green, or red or blue, it is £20 and it can be posted for £4 extra. As an additional service Sylvia can organise having it "personalised" with your names on it.

Finally, there's the Bottle Brolly, photographed right. If you team the Bottle Brolly (at £4.95) with Sponga ViniCool, an opaque plastic wine cooler, in burgundy, green, black or white, you get an impeccable method of masking sure the wine never loses its cool. The ViniCool is £13.95 and both are to be found in department stores, wine merchants, house-



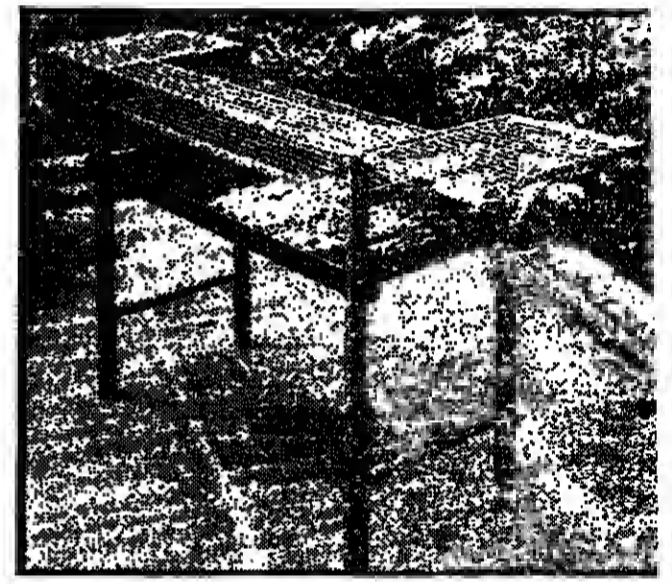
ware shops and some supermarkets.

Eating out

IF YOU'RE looking for a simple, no-nonsense, not too expensive barbecue that will cope with food for more than the nuclear family, then the Barbie-Kit could be just the thing. There is nothing grand about it, so fancy spits and buttons to push just a tough, steel cooking platform with large, well-thought out cooking area.

The Barbie-Kit comes in kit form so it has to be assembled at home, it doesn't have any complicated nuts or bolts, it is easy to assemble with—just four knurled plastic handles which are used to bolt the barbecue together.

Once assembled it is strong and stable and will cope with food for up to 40 people. It is made from steel, coated with epoxy resin in dark red or black which not only adds



colour but also protects the steel so that it can be left in the rain without rusting. It is available by mail

order only direct from the manufacturers, ESC, 2 Parr Road, Hoeyport Lane, Staines, Middlesex for £69.

Fine timing

WHEREAS once the name of Porsche was only synonymous with one of the sleekest, most sought-after cars in the world, Ferdinand Porsche, scion of the car family, is busy making the name stand for a whole range of equally sleek and impeccably designed products.

Nothing that he ever produces is cheap ("Porsche" was once told me, "is not what I'm interested in, it is the right product, from the right materials that matters"). Status symbols don't interest him either but that is the fate that tends to befall everything he does. Status symbols they become, though of the most impeccable and distinguished sort.



The fact of the matter though is that his products also work—they last and they don't let you down. Latest of the line is an eminently understated sports watch for women. Like everything from the Porsche Studio there is nothing to give away the price—no jewels, no dazzle, just the very best materials to produce the sort of watch many people would give their eye-teeth for.

The bracelet is made from a material called Despadon and I can't offer much enlightenment about what that means—it is, the Porsche people tell me, a form of plastic, it is completely non-irritant and it is extremely hard-wearing to match the titanium from which the watch itself is made. The watch has a Swiss quartz movement and a battery life of three years. The finished colour may be a darkish black or titanium grey. The face, too, is black, and the watch is waterproof up to a depth of 60 metres. It costs £530 and is available at Porsche boutiques in Harvey Nichols and Harrods in London as well as at other Porsche boutiques throughout the

Tiles, ancient and modern

LINOLEUM USED to be one of those substances that you hoped not to find in any house you had much to do with. However, Peter Sheppard and Keith Day, who were already producing excellent cork flooring, have recently launched a series of linoleum tiles which shows just what can be done with this pre-

viously rather maligned material. Peter Sheppard and Keith Day are interior designers who have aimed to produce flooring designs that they were always looking for and could never find. The results really are dramatically different from anything I have seen on the market.



There are, initially, four designs available, the most dramatic of which have an almost three-dimensional effect. Three patterns make up the Venetian collection—there is San Marco (based on designs from the Basilica San Marco), San Giorgio (named after the Palladian church on the other side of the Grand Canal) and San Pantaleone. All are very strong, have a geometric effect and would look particularly good in halls, kitchens, cool, clean living-rooms.

Colours are soft and almost marbled in effect—greys, warm corals, combinations of soft blues and greys, terracotta. The fourth, photographed here, is probably the gentlest design and probably the easiest to use. It comes in 14 different marbled colours, each tile consisting of three stippled shades of the same colour, which produces the patterned effect.

The tiles are 12 in (300mm) square, and are sold in packs of nine tiles, which make up a square yard and cost about £20 per pack. There are also plain border tiles to go with every design which cost £16 a pack.

Very beautiful, too, are Shepard Day Designs hand-marbled floor panels—these, too, are very dramatic in effect, looking for all the world like real marble. The panels come in 18 and 24 in square blocks (1/2 inch thick) and there are two designs—San Zaccaria, in white marble, black and pink fossil tones, at £45 a square yard, is strong, bold and rich but not overpowering. Palladio is a classic design often found in

century country mansions and town houses. White marbled background is contrasted with diamonds in blue lapis, green onyx, pink fossil stone, black portico and yellow sienna. £32 a square yard.

The tiles are on sale in all John Lewis stores but if you want some idea of the range send a large stamped addressed envelope to Shepard Day Designs, Unit 12, Nimrod Way, Elgar Road, Reading, Berks, for a copy of the full-colour brochure showing the complete collection.

If you have a different problem, that is you are restoring an old house and wish to find authentic Victorian tiles, either to restore a damaged fireplace or other tiled area, or need a whole set to replace the Victorian character that was so often removed in the name of "modernisation," then The Art Tile Company can help you. Tim Eritt who used to work on conservation at the Ironbridge Museum in Shropshire, has set up a tile workshop to create authentic designs from the late Victorian era. A sample of two are shown sketched here.

He offers handpainted tiles, with single or multi-coloured design, plain majolica tiles in Victorian colourings of green, blue, brown and reds. There are also metallic lustre tiles in several designs as well as confetti patterned ones. Prices range from 92p per tile up to £5.50 each for multi hand-painted floral designs. Send a large sae to The Art Tile Company, Bricklin Lane, Eltraria, Stoke-on-Trent for catalogues. Tiles can be bought by mail from the company direct or from John



Sketched above and below are two authentic reproductions of Victorian tiles from the Art Tile Company. All are hand-printed and hand-painted and sell for about £5 each.



Peter Jones, Sloane Square, in London. Also find them at the Ceramic Tile Design, 56 Davies Road, London W6.

In addition the company will take on special orders for those who find themselves with missing tiles and need replacements to complete a restoration project. Art Tiles produces many special designs for fireplace specialists, in particular for Amazing Grates of Phoenix House, 61-63 High Road, London N2, where a large

in Next week's FT

On the Small Business Page—what small businesses feel is needed to improve their competitive position—survey findings presented by Tim Dickson.

Geoffrey Charlsh looks at the world's fastest micro processor, the Motorola 68020 for the Technology Page.

The in-depth Corporate Finance Survey looks at the way finance directors are grappling with the recent fiscal and financial upheavels.

The FT brings you the information you need—read it every working day.

No FT... no comment

RTS

In operatic Hamlet

Of the happier surprises of the past half-decade or so...

RECORDS

MAX LOPERT In Sutherland join forces with a single Buxton...

Polish play wins Nancy award The first Grand Prix of the International Critics...

Southern Ontario is the great drama belt of north America...

Stratford has the history stretching back to Tyrone Guthrie's productions in 1953...

The recording, largely complete, is made with Welsh National orchestral and choral forces...

A sojourn at the other Stratford



Katharina Megli as Casilda and Richard March as Luiz in "The Goldoliers"

He enthusiastically still sparkle. The Goldoliers exhibits all the strengths...

Antony Thornecroft visits theatre festivals in southern Ontario

The great popular land artistic achievement of Stratford in recent years has been its production of Gilbert and Sullivan operettas...

his brief to present not just plays by Shaw but plays first produced in his lifetime...

Great liberties have apparently been taken with the original, including the addition of "A fine romance" as a duet for the rich bitch...

Like Stratford, the Shaw has devised an annual pattern, which laces the stock productions—this year the Shaws are The Devil's Disciple and Androcles and the Lion...

Both Christopher Newton at Shaw and John Hirsch, artistic director at Stratford, have similar aims for their festivals...

Luring listeners

Tomorrow comes Radio 4's Sunday roller-coaster. The Colour Supplement from 11.15 non-stop to 12.55...

Luring more listeners is the current exercise for the figures from JICRAR (Joint Industry Committee for Radio Audience Research) suggest that radio listening is declining...

This week at least Radio 2 ought to go up a bit, with five hours a day devoted to Wimbledon. I suppose tennis must be lower in the intellectual scale than cricket...

Perhaps Radio 3 is seeking new listeners with its current interest in jazz. For me the main point of Le Sifert Bell (about Sidney Bechet) and John Coltrane was the music...

RADIO

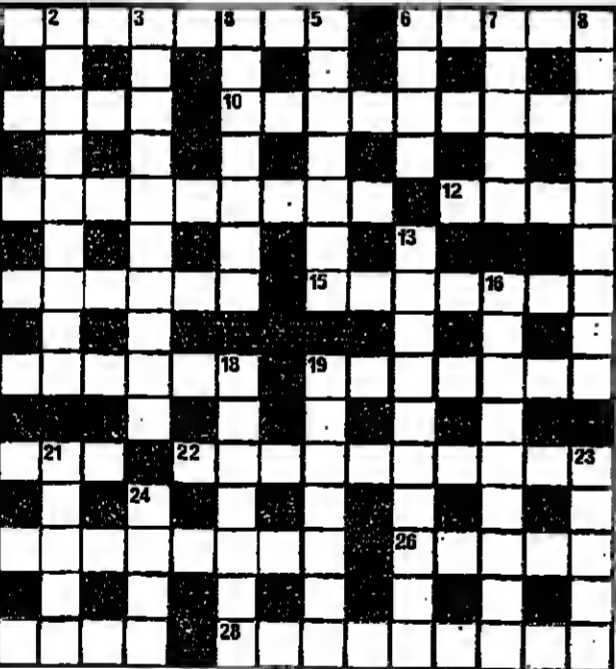
B. A. YOUNG

after some nameless emanation in a haunted house, one of them a mute girl. They held their senses standing on their heads...

We were bound to come back to Giles Conner. On Sunday afternoon Radio 3 gave me my favourite of all his plays...

I dutifully heard the rest of The Miserable Enthusiast. Arden and D'Arcy's account of the farming co-operative in 18th century Ireland...

F.T. CROSSWORD PUZZLE No. 5,454



A prize of £10 will be given to each of the senders of the first three correct solutions...

None Address

- ACROSS 1 Inviolable animal, badly scared, to scare into submission (6, 3) 2 Fixer for head-light? (5) 3 Girl from school in Dagenham (5) 4 Make hole in building? (15, 4) 5 Child (price fifty pounds, about) from confinement (16, 4) 6 See 6 down 7 Make a face and be sick—the sea may wash it! (3, 4) 8 Moorland (7) 9 Listening point for yoke, eh? (7) 10 Reward too highly—strikes often are! (7) 11 24 down lobby to get worker—brave man that is—high award (8) 12 Source of heated water from Bible—a rock (4, 6) 13 Destination of heated water—both to let? (3, 6) 14 Sound of American guitar? (5) 15 Heat for the marines (5) 16 A layer of carbon, perhaps, in restaurant (4, 5) DOWN 1 Old county sets a girl to work (5) 2 Round in cycles, possibly, without wasting words (9) 3 Changeable speaker, one who goes into detail (10) 4 Yard turns up in ring—will (5)

Solution to Puzzle No. 5,453

BBC 1 LONDON

- 6.25 am TV-am Breakfast Programme, 9.25 LWT Information, 9.30 Sesame Street 10.30 to 7.30 12.15 pm World of Sport: 12.20 Racing—The TV Times Superkart Challenge: 12.35 Olympic '84; 12.45 News followed by Australian Pools News; 12.50 Tour de France Preview; 1.00 Rugby League—Australia v Great Britain (2nd Test) from Brisbane; 1.20 The ITV Seven (Introduced by Brough Scott from The Curragh, and John Oaksey and Jim McGrath from Newcastle and Newmarket); 3.20 Motorcycling—The Dutch 500 cc TT from Assen; 3.30 News Round-up; 4.00 Wrestling: 4.35 Tour de France—Stage 1; 4.50 Results. 5.05 Whiz Kids. 6.00 The Pyramid Game. 6.30 Some You Wm. 7.00 Miss Abbott's Madhouse. 7.30 Ultra Quiz. 8.00 The Gentle Touch. 9.00 News. 9.15 Aspel and Company. 10.00 Slimming Down. 10.00 Tales of the Unexpected. 11.30 London News Headlines, followed by The Tube Return Ticket. 12.30 am Thriller followed by Night Thoughts with Jim Blomfield.

- REGIONAL VARIATIONS: Wales—8.05-8.10 pm Sports News Wales. Scotland—6.05-6.10 pm Sports/Regional News. Northern Ireland—6.05-6.10 pm Northern Ireland News and Sport. 1.15 am Northern Ireland News Headlines and Weather. Sport: South-West Plymouth—Spotlight Sport: All Other English Regions—Sport/Regional News. BBC 2 6.25 am Open University. 1.55 pm Wimbledon 84 and Cricket: Second Test. 7.45 News and Sport. 8.00 Prima! 8.15 Glynedebourne, A Celebration of 50 Years. 9.15 Saturday Review. 10.05 Police. 10.45 Nelson's Columo Big Band. 11.35 News on Two. 11.35 News on Two. 11.40-12.15 am Cricket: Second Test (highlights of the third day's play).

SOLUTION AND WINNERS OF PUZZLE NO. 5,449 Miss C. E. B. Marshall, 25 North Grove, Highgate Village, London N6; Mr D. Brodgen, 53 Abington Ave, Northampton; Mr R. P. Unger, 150 E. 89th St, New York; Mr K. Gilbert, 69 Underwood Road, Handsworth Wood, Birmingham; Mrs E. Dunlop, 3 West Park, Portstewart, N. Ireland; Mr and Mrs V. Payne, Rookery Farm, Batis-

REGIONS

- 54C WALES 2.20 pm "A-Haunting We Will Go", starring Laurel and Hardy. 3.30 Beethoven. 4.15 Questions. 4.40 Feature Film: "Objective Burma", starring Fred Astaire, Faye Wren, and The World. 7.35 Newsround. 7.45 Newydd Bob Nos. 8.15 Syddin Y Tair. 9.15 Sais. 9.45 Callon. 10.45 II Tala. 11.45 Mudi. 12.15 Film on Four: "In the White City". ANGLIA 11.30 am The Tube Return Ticket—Highlights from The Tube series previously shown on Channel 4, 12.30 am at the end of the day. BORDER 9.25 am The Great Cartoon Stars. 9.35 BMZ Pm Spectacular. 11.30 am The Tube Return Ticket. CENTRAL 9.25 am The Great Cartoon Stars. 9.35 BMZ Pm Spectacular. 11.30 pm Superstar of Music: Tom Jones at Knott. CHANNEL 9.25 am The Tube Return Ticket. 10.25 Puffin's Puffin. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Puffin. 6.08 Whiz Kids. 11.30 The Tube. GRAMPAIN 9.25 am News. 9.35 The Starline. 10.00 Six 'N' Paces. 11.00 pm Glasgow Open Golf Championship. 12.00 Referee. 12.05 am Tales of the Unexpected. GRANADA 8.25 am Eastern Tales. 9.40 Little Rascals. 10.05 Matt and Jenny on the Wilderness Trail. 11.30 pm The Late Film: Survival Run, starring Ramon Gualer. HTV 9.25 am The Wonderful Stories of Professor Krelz. 12.13 pm HTV News. 11.30 The Swanery. SCOTSH 9.25 am Cartoon. 9.35 Happy Days. 10.00 Sport. 10.25 News. 12.15 pm North East News. 5.05 North East News. 5.10 Whiz-Kids. 11.30 The Tube Return Ticket. 12.30 am Post's Corner. TSW 9.25 am The Wonderful Stories of Professor Krelz. 12.13 pm HTV News. 11.30 The Swanery. TYNE TEES 9.25 am Morning Glory. 9.30 Father Murphy. 10.25 TT News. 12.15 pm North East News. 5.05 North East News. 5.10 Whiz-Kids. 11.30 The Tube Return Ticket. 12.30 am Post's Corner. ULSTER 9.25 am Soccer 1998. 10.20 Caricart. 12.45 pm Lunchtime News. 5.08 Ulster News. 5.12 Ulster News. 11.30 The Tube Return Ticket. 12.25 am Sports Results. 12.30 News a 15-minute. YORKSHIRE 9.25 am Regional Weather Forecast followed by Cartoon Time. 9.35 Joe 90. 10.00 University Challenge. 5.05 pm Q.E.O. 11.30 Gona Gaynor. BBC RADIO 2 8.00 am Tony Blackburn's Saturday Show. 10.00 Glynedebourne. 1.00 pm Sunning of 84 Concert from Wembley (S). 10.00-12.00 Duxie Pasch. BBC RADIO 3 8.05 am David Jacobs (S). 10.00 SOUNDS OF THE SIXTIES (S). 11.00 Album Time (S). 1.00 am Roy Castle in

FINANCIAL TIMES FILM SERVICE 20 Supersize prints for £2.25 Now 30% Bigger Than Ordinary Prints TOP QUALITY All prints will be borderless. Supersize Superprints, round combed and hi-definition Super. FAST SERVICE On receipt of the films at the laboratory, all Kodacolor II 110, 126 & 35mm films will be processed in 48 hours. Other film makes and reprints can be processed but are not covered by the 48 hour guarantee and so take longer. Please allow for variations in the postal service and the fact that there is no weekend working in the laboratory. Films should be returned in approximately 7-10 days. Reprint prices are available on request. We do not accept C22, sub miniature, Minolta or black and white film. COMPETITIVE PRICE Developing, postage and packing at 85p per film plus a printing charge of 7p per print. Prints are returned by first class post to your home, and full credit is given for negatives that are not technically printable. COLOUR PRINT FILM Top quality 24 exposure colour print film only £2.25 available in 110, 126 and 135 sizes. Complete the coupon below and post to: Financial Times Film Service, PO Box 65, Taplow, Maidenhead, Berkshire SL6 6AG. Telephone: 0754 387395. Note: Whilst the utmost care is exercised to ensure the safety of films delivered we accept no liability for any loss or damage to any films. Registered Office: 1 Kingsway Port Drive, Maidenhead, Berks. Please enclose cheque/P.O. made payable to "Financial Times Film Service" and post with film and coupon in a strong envelope to: Financial Times Film Service, P.O. Box 65, Taplow, Maidenhead, Berks SL6 6AG. Film Type No. Reel 110/24 126/24 135/24 If colour print film required please indicate quantity and add cost to order. If Ordinary Prints required please tick box. NAME: ADDRESS: This offer is only applicable to readers of the Financial Times within the UK. We process on the basis that the film value does not exceed market cost and offer value to £12.50. Minimum charge 55p. Registered in England No. 2007290.

COLLECTING

Snapping up treasures

BY JUNE FIELD

TREASURES such as these we should be able to hand down to our posterity, for there is little doubt that photographs of the present day will remain perfect...

The collecting of photographs, a relatively new field which has accelerated considerably over the last decade, needs both an understanding of techniques and, initially, a restrained approach.

Enthusiasts will do well to emulate art dealer Jeremy Maas, who effectively describes his modus operandi in his delightful new book The Victorian Art World in Photographs of the same name at the National Portrait Gallery.

Henry Fox-Talbot for when they can be afforded. (Fox-Talbot invented, and patented, in 1840, the eolyphe, the first practical photographic process to produce a negative from which identical positives could be printed.)

The attractions of Victorian photography come to light too in Stieglitz's The Founding Father of Modern Photography (Quarter/Owl Books, £15).

He started amassing his collection, which now numbers around 2,000 Victorian artists, back in the early 1960s, not long after he started his London picture gallery specialising in Victorian art.

1860's known as the carte-de-visite said to be popularised by Adolphe-Eugene Disden, are relatively easy to find and identify.

Required viewing is The Golden Age of British Photography 1839-1900, beautifully constructed at the Victoria and Albert Museum until August 19.

There is a rare group of eight daguerotypes, direct positive images made without an intermediate negative, invented in 1839 and supplanted in the 1850s by the collodion wet process.

كنداه النجل



Horace Marshall photograph of 19th century artist Charles Samuel Keane, from Jeremy Maas' 'The Victorian Art World in Photographs' published by Barrie & Jenkins, £20.

(1810-1882), who experimented with glycerine as a substitute for honey to preserve collodion plates, and Henry White (1819) to 1901, solicitor and amateur photographer whose subjects were details of the hedgerows and corofields of Betsy-Codd.

Gerusalem's Incunabula of British Photographic Literature just published by Scolar Press at £37.50; this explains the difference between photography from nature, and art reproductions.

SPORT

Young Wimbledon, 1984

JOHN BARRETT looks at the tennis players knocking at the door

THE WIMBLEDON '84 vintage appears already to be full of favourites. The two outstanding favourites, John McEnroe and Martina Navratilova, are both playing with impressive authority and their challengers have produced some memorable tennis, too.

As always the setting has inspired some of the youngsters to excel themselves. Boris Becker, the burly 16-year-old German boy who eliminated last year's hero M'ukha Odizor of Nigeria and 18-year-old Mark Kratzman of Australia, holder of the junior doubles title with Simon Youll, who failed gloriously at 6-6 in the final set against the 13th seed Tomas Smid, have both impressed.

The left-handed Kratzman, a Rod Laver look-alike who has the same rolling gait and the same assurance as the great man, may become the most successful Australian of the new crop.

Another impressive debut at Wimbledon has been made by the 19-year-old American Jimmy Arias, seeded five, who is better on clay courts, or so we thought. In recovering from being two sets to one down against Gianni Acleppo he showed the same gritty determination he had taken him to the semi-finals of the U.S. Open last September.

Among the girls it was another young German — 15-year-old Stephanie Graf who caught the eye in eliminating, first, an experienced American Susan Mascarin 6-4, 3-7, 10-8 and then Sue Barker in a convincing second match.

Equally encouraging has been the progress of two young Britons. Annabelle Croft of Kenilwell used to beat the experienced Swiss Number two Petra Delhees-Jauch, aged 23, and the highly regarded

Richard Whicello's appearance in two finals on the junior circuit in Belgium and lost in Belgium means that he, too, is on our With Michael Walker pressing these two and other challenging it means that selection for teams in this age group is no longer automatic.

In recent years we have grown accustomed to expecting great things from our British girls so that Virginia Wade's uncharacteristically consistent performance that eliminated Zena Garrison was not altogether unexpected.

But equally heartening have been the performances of some of the younger men. In beating Claudio Panatta in round one was a good win as well as a young Briton of late and in losing to fellow left-hander Tom Gullickson he earned high praise from the American for his potential.

Stuart Bale's five-set win over John Alexander in round one was as good a win as any by a young Briton of late and in losing to fellow left-hander Tom Gullickson he earned high praise from the American for his potential.

These two, with Jeremy Bates who won the Wimbledon warm-up tournament in Manchester, seem likely to form the nucleus of our future Davis Cup teams and Paul Hutchins, the national team manager, is hoping to arrange for a full-time coach of international experience to travel with them around the Grand Prix circuit.

This would be a first class arrangement for these days as an individual is likely to succeed on his own.

In fact without getting things out of proportion there seems at last to be an impression that the whole of the men's and boys' game in Britain is beginning to move ahead.

In the next age group, the 16 and under, Jason Goodall has made great strides as his win over the American Morris Strode at Bristol confirms and

national lightweight crew, it includes four members of the country's 1982 world champion lightweight gold medal crew and six out of their 1981 lightweight bronze medal crew.

Yesterdays they had no difficulty in demolishing the West German joint Olympic and Spandauer Club in the first round of the Grand, but they do not seem likely to be a match for the very powerful Washington University crew today.

So the betting at Henley is that both the U.S. eight and the British national crew will come through their races today.

The British national crew therefore will have its work cut out tomorrow afternoon, but they win they will fairly be able to regard themselves as on the way to Olympic honours

The rise in the rarity market over the years was shown by two Phylloxera Lafites, who were making a second appearance in this saleroom; a magnum of the 1874 from Viscount Boyne's sale in 1967 and a bottle of the same vintage from Sir John Thomson's sale in 1969.

Whereas in the first instance, they had been knocked down for £26,135 and £7,000, respectively, they now made £760 and £540. A bottle of Lafite 1878, formerly in the cellar of the Prince Napoleon fetched £640, while single bottles of Yquem 1848 and 1921 made £620 and £320.

COINS

FOR ANYONE looking for a new collecting theme, still fairly manageable but destined to expand steadily over the years, I would suggest coins portraying members of the Royal Family—excluding, of course, the vast number which depict the Queen alone.

The numismatic coverage of the British Royal Family, on the other hand, has been piecemeal and patchy. The Duke of Edinburgh made his debut on the \$5 silver crown-sized coin issued by the Cayman Islands to celebrate the Royal Silver Wedding in 1972, while in 1981 the Isle of Man commemorated the 25th anniversary of his Award scheme and his 60th birthday with a set of four coins, one of which portrayed him in naval uniform while the others featured aspects of youth activities connected with the scheme.

The Isle of Man had wished to portray the Prince of Wales on a crown of 1977, issued on behalf of the Silver Jubilee Appeal Fund of which he was the president; but I understand that Prince Charles himself declined the honour on the grounds that the Silver Jubilee was his mother's anniversary, not his.

The wedding of the Prince of Wales to Lady Diana Spencer in 1981 was greeted by a veritable flood of coins—from Australia, Ascension, the Bahamas, Bermuda, the Cayman Islands, the Cook Islands, the Eastern

Crowned heads and tails

Caribbean, the Falkland Islands, Fiji, Gibraltar, Guernsey, the Isle of Man, Jamaica, Jersey, Kiribati, Lesotho, Mauritius, St Helena, Tonga, Tristan da Cunha, the Turks and Caicos Islands, Tuvalu, Uganda and Western Samoa, as well as the UK. Most of these coins also portrayed Princess Diana who thus made numismatic history by appearing on coins issued before the marriage that elevated her to the status of royalty.

In 1980 it was the turn of the Queen Mother, whose 80th birthday was celebrated by crowns or crown-sized silver coins in eight Commonwealth countries, including the Isle of Man, Guernsey, the Seychelles and Tristan da Cunha as well as the United Kingdom. Incredible though it may seem, this was the first time that she had been portrayed on coins, the level of collector interest being very low in 1949 when she and the late King George VI celebrated their Silver Wedding.

Nowadays it does not take such a momentous event as a wedding, investiture or silver jubilee to provide the opportunity for a commemorative coin. In April Prince Andrew paid a visit to the South Atlantic, reliving memories of his wartime service in the Falklands campaign. He visited St Helena and Ascension and both islands commissioned the Royal Mint to strike silver and cupro-nickel crowns in his honour. The common reverse of these coins shows a finely detailed, left-facing bust of the Prince, modelled by Robert Elderton, the obverse bearing the usual Machin profile of the Queen.

Only 5,000 silver proofs were minted for each island, but in addition there was a much smaller edition (500 pieces) of sterling proof coins—double the normal thickness. The cupro-nickel version had an issue limit of 125,000 for each country. Sandhill (Bullion) Ltd of Leeds have been appointed by the Royal Mint as sole agents for the sale and distribution of these cupro-nickel coins, but the proof silver versions are available direct from the Royal Mint Club, PO Box 800, Cardiff, CF2 1TA. Each proof costs £29.75, while the proof pair sells for £115.



Caribbean, the Falkland Islands, Fiji, Gibraltar, Guernsey, the Isle of Man, Jamaica, Jersey, Kiribati, Lesotho, Mauritius, St Helena, Tonga, Tristan da Cunha, the Turks and Caicos Islands, Tuvalu, Uganda and Western Samoa, as well as the UK. Most of these coins also portrayed Princess Diana who thus made numismatic history by appearing on coins issued before the marriage that elevated her to the status of royalty.

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FISHING

Where have all the salmon gone?

The drought affected the whole of the Western half of Wales. North-West England and Western Scotland and everywhere the rivers I looked at were at their lowest ebb, some no more than skeletons of what they should have been, and others reduced to tiny trickles between pools rapidly going stagnant.

This drought must have affected the lives of the parr and smolts in the tributaries and this augurs ill for any possibility of increases in stocks in the near future. The river Shiel where I have fished as a guest for many years was in, slightly better shape, supplying a flow enough for salmon to run through the river and up to the safety of the loch, but not enough to work a fly.

CHESS

The Soviets v. The World

task of stopping Karpov and Kasparov. Tony Miles and John Nunn were also under special pressure: England was the only national with three representatives on the World team, while no other country had more than one. A poor result would make their natural targets for criticism, but Miles and Nunn began solidly with four draws.

A match so evenly poised becomes difficult for any player obviously out of form. Here it was the U.S. representative, Yasser Seirawan, who adjourned material down against Belyavsky then lost drastically in the return. Soviet opening preparation for match games is always highly efficient, and Seirawan's position was untenable by the time he escaped the Russian theory book.

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WINE AUCTIONS

WINE AUCTIONS

PETRUS because unlike in Bond Street — no buyers' premium is imposed in King Street, Christie's best, finest and rarest sale of the year was well attended and high prices were paid for rarities, often by American and German buyers.

Petrus seems to attract higher prices with almost every new sale. Here a single bottle of the very rare 1945 reached £720, a dozen of the 1950 made £1,400, three bottles of the 1952 brought £760, eight of the 1933 went for £1,850, six of the 1966 made

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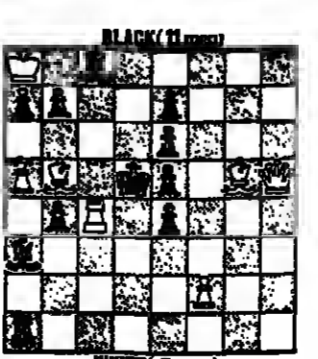
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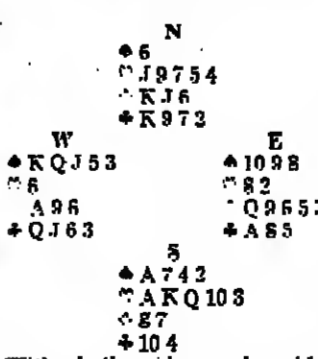
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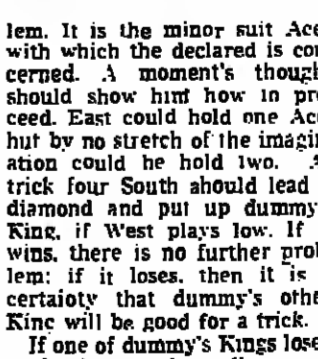
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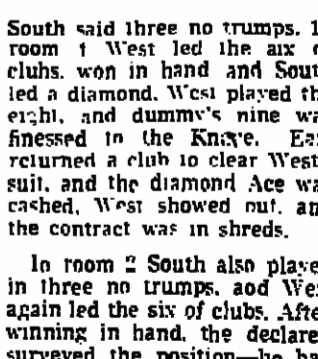
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FINANCIAL TIMES

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Saturday June 30 1984

MARKS AND SPENCER

Rayner looks to the 1990s

By David Churchill, Consumer Affairs Correspondent

Dangers of deflation

LONDON remains in a sour... sometimes frightened mood... for good reason. The seemingly relentless rise of interest rates on Wall Street threatens a recovery...

INTERNATIONALLY, it has long been clear that 1984 would be a year of economic alarms... U.S. deflation is crazily out of balance... nothing of any consequence will be done to address the problem before next year...

This does reduce the pressure of dollar interest rates... but does not eliminate it... renewed rise is combined with a new development like the abolition of withholding tax on U.S. bonds...

Government whose appeal is supposed to rest on dynamism and resolution... the result has been a tendency to bumble— to conceal drift behind surdulent statements...

Opportunity The long summer recess, which can hardly come too soon for Ministers in their present mood, ought to be taken as an opportunity to do some strategic thinking...

The point to grasp is, first, that the crisis is now serious, as is now generally understood in financial markets... second, that most of the likely resolution have deflationary implications...

All this means that voters will be likely to examine their leaders much more closely in future about the topic that was missing at both the recent summits—slow growth and obstinate unemployment...

MARKS and Spencer, Britain's biggest and most successful retailer, is at a crucial cross-roads in its centenary year.

Next week, at the annual general meeting, Lord Sief retires after 12 years as chairman—alleged with four other senior directors—to be replaced by Lord Rayner, the first non-family chairman and a trio of new generation, non-family "young Turks."

Marks is facing perhaps the stiffest competition it can remember in the High Street from such home-grown clothing chains as Burton's and Hepworths, from the new wave of fashion shops like Next and Benetton, and even from British Home Stores...

Marks is already fighting back by, for example, launching its own credit card. And Lord Rayner is anything but complacent. "I'm not having to take over as a 'company doctor' or anything like that. We are a very successful company with a proven record of profitability over the past decade..."

It cannot afford the luxury of being wrong too often

not only pave the way for further financial services, but also opens the way for Marks to move into higher value new product areas such as electronics, video, and furniture...

But Lord Rayner is not a revolutionary. The St Michael style has been to move slowly and steadily towards very clear objectives, ever since Michael Marks, a Lithuanian immigrant, opened his first penny bazaar in Leeds a century ago under the laconic slogan: "Don't ask the price, it's a penny."

strength has always been textiles. By judiciously building a close relationship with the UK's ailing textile industry—a relationship that has not always been sweet and light—Marks has been able to enjoy most of the benefits of having its own manufacturing base without any of the ensuing responsibilities.

Rival retailers have increasingly sourced abroad in the past couple of decades, but M & S has proved that the UK clothing industry can produce well-made and designed clothes at a fair price—and in the process has reaped the benefits to an extent that now £1 in every £7 spent in Britain on clothes is spent in an M & S store.

Every week, over 14m customers shop at M & S's 282 UK outlets; it accounts for a third of all underwear and nightwear bought—including half of all sales of ladies slips—and a quarter of sales of men's socks.

Yet precisely because it is so big and popular, Marks is vulnerable. It cannot afford the luxury of being wrong too often. Hence its policy on fashions has veered towards the conservative: it was two years behind most other retailers into jeans, for example, because it could not admit to the notion of a fabric that lost its dye and shrank when washed.

It has made plenty of other mistakes over the years with its textiles business. At the onset of the 1979 recession, for example, it made a stab at the fashion conscious teen market with a fashion range under the "Miss Michelle" banner...

But Lord Rayner is not a revolutionary. The St Michael style has been to move slowly and steadily towards very clear objectives, ever since Michael Marks, a Lithuanian immigrant, opened his first penny bazaar in Leeds a century ago under the laconic slogan: "Don't ask the price, it's a penny."

Marks' success over the past decade has been achieved without any advertising support—it believes its products speak for themselves—and largely through rapid development of its food and housewares operations. Yet the foundation of its



THE TRIO of new directors who will help Lord Rayner (above) steer M & S into the 1990s include a new finance director in Keith Oates who, at 41, is the youngest ever board appointment and the first director to be recruited from outside the company.

Mr Oates was head-bunted earlier this year from Thyssen-Bornemisza, an international industrial holding company, where he had spent six years as vice-president in charge of finance. Prior to that he had spells with Black and Decker and IBM.

Mr Lushar, 50, is also a newcomer to Marks' style since he has been a senior executive for a number of years responsible for the improved menswear operation which has raised the proportion of male customers visiting Marks' stores.

developing foods and housewares and other non-food ranges became the most successful new product innovator in British retailing. "Marks' success in persuading its customers to buy such added-value convenience foods as baked potatoes is the envy of the grocery world," points out Richard Essie, of the Mintel research group which specialises in monitoring new product development.

Sales of foods alone—everything from bacon and egg sandwiches to the ubiquitous chicken Kiev—now top £1bn and put M&S into the same grocery league as Asda, Tesco and Sainsbury. Together with its home-wear ranges and other non-foods such as cosmetics and account for some 49 per cent of total turnover; in the current financial year, sales of these non-clothing areas may take over 50 per cent of the turnover for the first time.

Marks' success with new product development—where it is often in the forefront of change—is in stark contrast to the conservatism on the fashion side. This, suggests a rival stores chief, "may have a lot to do with the fact that the new generation of management who are now running the top have cut their teeth on developing the non-clothing areas, while it has tended to be the older management who have been responsible for the traditional textile business."

Mr Rodney Fitch, one of the top retail designers, also queries why Marks should have "the best own-label product packaging and design yet have cut their teeth on the rest of the store." Not surprisingly, he believes that Marks needs a "good dose of design" and warns that "today's winning formulas often turn into tomorrow's disasters in the High Street."

Soaring sales of duvets, houseplants and the rest have put pressure on fashion departments to justify their space allocation in the face of competition from often higher-margin products. Rayner, however, maintains that "we are wholly committed to maintaining and expanding our clothing business" and points out that direct comparisons cannot always be made between different departments on profit margins because different parameters often apply.

Lord Rayner, moreover, accepts that more than anything it is the unfashionable commodity textiles—underwear and basic everyday clothes—which attract people into stores.

M & S strategy is to tap the up-market aspirations of these customers with trying, new clothing styles—and ready-made "cordon bleu" cooking.

of selling space—bringing the total to 69m sq ft—by opening two new stores, relocating another, and adding extensions to five others.

But its opportunities for continued up-grading of its UK stores are increasingly limited by planning constraints. Lord Rayner bluntly describes the response by some local authorities to the requirements of the car-shopping public as "inadequate" and warns that in future store investment may be directed to out-of-town sites "where our customers will prefer to shop."

M & S's best prospects for expansion may not in any case lie in the UK in the long run. One of the most intriguing new recruitments at Marks is Keith Oates as finance director. Oates has come with a wide expertise in handling the international currency markets. An overseas takeover, therefore, remains a real possibility with the U.S. seen as the major target by most St Michael observers.

Marks, however, has been more successful with its forays overseas during the past decade than most other British retailers. In 1972 it ventured into Canada, while three years later it crossed the Channel to Paris, Brussels and Lyon. Only relatively recently has the Canadian M & S operation become profitable, while the European ventures took some time to settle after a sticky start.

Lord Rayner notes that the U.S. retail market is probably the toughest in the world—"but, equally, if we got it right it would be very rewarding."

There is just a hint of a likely strategy, Marks' previous overseas expansion, he says.

has left him with the feeling that, initially, "we would have to build up from a small operation base."

When Marks does eventually make another foray overseas—be it to the U.S., East—Europe, or the Far East—the question that will invariably be asked by those overawed by Marks' track record is: what is the basis of its remarkable success spanning a century of trading? As in any company with a long history, the M & S story is an inextricable mixture of legend and family traditions that even the most cynical observer has to admit seem to work.

The charter sector

From the Chairman & Managing Director, Horizon Travel

Sir—(Your leader (June 20) was right in saying that exclusion from whole sale charter flights does not address the real source of British Airways market power. Your are also right in saying that the reduction of BA control of international scheduled services to anything more than 60 per cent would be mere clipping at the edges...

The country is facing the emergence of the most powerful private monopoly it has ever seen. The major charter airlines are trying to avert the possibility of predatory action already taking place, extending this monopoly into the one sector of civil aviation where free competition has always prevailed.

Letters to the Editor

From Mr M. Oakeshott

Sir—There is a striking paradox in Professor Keane's theory, as outlined by Clive Wolman (June 23), that professional fund managers "are consistently wasting their money on their management fees and dealing costs without achieving any profits to show for their activity."

It has occurred to the professor, or other efficient market theorists, that the "predator who may move in" to take over or initiate a trust, giving investment trust shareholders enormous profits—is in fact often the much-maligned professional fund manager, doing what his pensioners or policy holders are paying him for making money for them by identifying and exploiting a significant area of inefficiency in the UK equity market?

Estimating tax liabilities

From V. A. Hutchings

Sir—I read with great interest Tim Dickson's article (June 16) Funds Managers Struggle to raise investment under BES. I was surprised to note that individuals have the problem of not being able to estimate their tax liabilities for the current tax year 1984-85.

It follows that teams experienced in AGR engineering will have to be kept in being into the 1990s whether or not there are further orders. An AGR for completion by the year 2000 could be therefore built if Sizewell "B" goes ahead and even if the next two or three nuclear stations were pressurised water reactors.

Overflown by helicopters

From Mr T. Tarring

Sir—I read with great interest your account (June 21) of the report of the helicopter airworthiness review panel hoping that I might find there some evidence that the interests of the overflown were to be taken into account. I was not greatly surprised not to do so.

It is no thanks to the Civil Aviation Authority or our legislators that fixed wing aircraft have become quieter over the past couple of decades, but

The fighting forces

From Mr R. Howell

Sir—In defence of the men who actually assaulted the Normandy beaches on Sword I must take umbrage with President Reagan for saying what he did, and you for printing it.

I am referring to the item of June 7 "Reagan makes 'D' Day landing to salute valour of veterans". Here he says "Bill Millin led reinforcements to rescue British troops pinned down near a bridge, and Lord Lovat who was with him had been delayed by a traffic jam when he had come from the bloody fighting on Sword beach which he and his men had just taken."

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From Mr J. McNeill

Sir—May I draw your attention to an incorrect inference which may be drawn from Justinian's article of June 11? In the nationalisation applications at Stasbourg the report of the commission is not the end of these claims but merely one part of bringing the matters before the Court of Human Rights...

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Handwritten note: لا يوجد

Alan Cane and Jason Crisp on the home computer market

Why the jitters set in...

LIKE the Emperor's, the home computer industry's lack of clothes has, at last, become shockingly apparent.

Over the past few years, growth has been dramatic, even explosive. Retailers have been able to sell every home computer they could get their hands on...

Now the fitters have set in. In the U.S., all the evidence points to a slackening in demand that cannot be explained away by seasonal or other factors.

There is a more fundamental cause: The industry has failed to come up with a compelling reason for people to buy home computers.

Mr James Morgan, the new president of Atari, the brilliantly innovative but troubled home computer subsidiary of Warner Communications, for example, says the company is now "emphasising cash management over profitability."

He expected the company to make a profit in the fourth quarter of its financial year, now it has abandoned that target, faced with market research showing that home computer sales in the U.S. fell by 35 per cent in the first three months of this year compared to the same period in 1983.

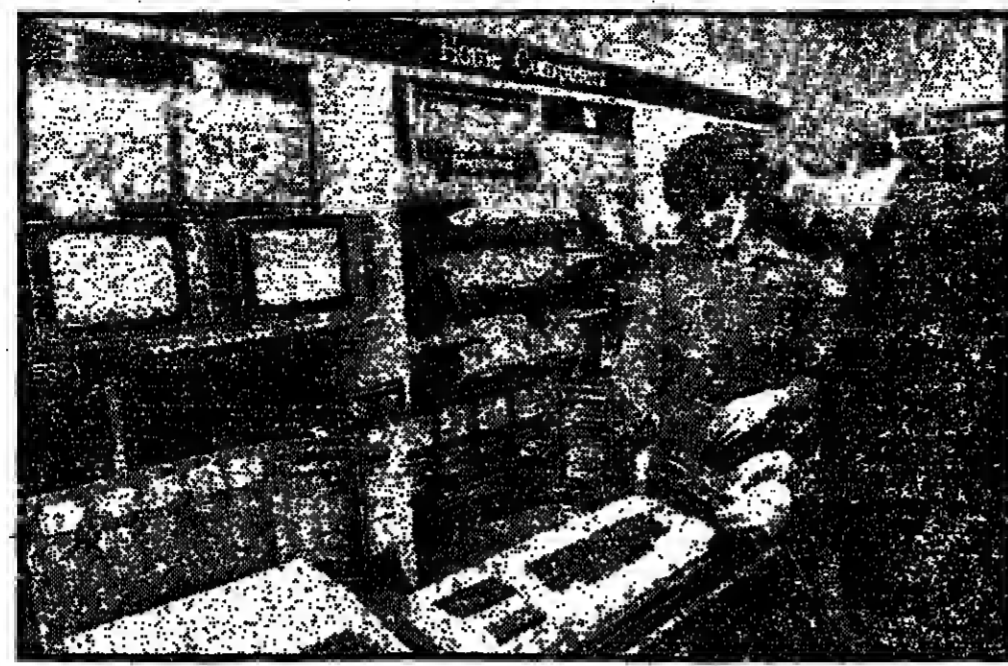
The way sales estimates are being revised downwards is exemplified by InfoCorp, a well-regarded U.S. market consultancy, which has cut its estimate of the number of machines costing less than \$300 that it expects to be sold in 1984 by half—from 4.8m to 2.3m.

Some significant companies will not be contributing to the total. The mighty Texas Instruments pulled out of home computers last year after a ferocious price war cost it millions of dollars.

Timex, U.S. distributor of Sir Clive Sinclair's low-cost machines, also threw in the towel.

However, the picture is not one of unrelieved gloom. Commodore Business Machines, with about 70 per cent of the lower end of the U.S. market, remains aggressively buoyant. It is not opening new accounts for its best-selling Commodore 64 machine.

In the UK and Europe, there still seems to be plenty of life in the market, but there are



many doubts about how long the vitality will last—even though sales of home computers in Britain in the first quarter of the year were 75 per cent higher than the same period last year.

Not even till the end of the year, seems a likely answer. Mr John Rowland, in charge of personal computers for W. H. Smith, says the market is still growing, but less dynamically—1983 was clearly the boom year.

The home computer business represents the low end of the personal computer industry, generally dealing with machines costing \$500 or less. Examples include the Sinclair Spectrum, the BBC Computer, the Atari XL and the Commodore 64.

What makes analysis of the home computer business so fascinating and confusing, is the way national markets are shaped by national characteristics.

The Americans, with their high disposable incomes, have long discarded as toys machines of the Sinclair ZX81 type. For the home, they want a machine with a high quality keyboard, disc drives—and masses of applications ready to run on their machines.

challenges operating such a arcade games can hold the users' interest only for a limited span: Dr David Potter of Psion, a UK software company which makes good profits writing games for Sinclair's machines, says: "It was a highly profitable business but we have to evolve. Games are far too ephemeral."

So games are not the answer. Personal accounts management, then? "It is ridiculous to suggest using a computer to balance a chequebook," Mr John Sculley, the president of Apple Computer, says, adding that Apple has no intention of becoming involved in the home computer market.

In the UK, Mr Chris Curry, managing director of Acorn, the Cambridge-based company which makes the successful BBC Micro, says: "I am concerned that home computers may get a reputation for not being useful. The home computer must be shown to be a useful device and not just suitable for game playing or the specialist hobby."

The harsh truth is that most home computer manufacturers have failed to think through sensibly what a home computer should provide. Professional personal computers like the IBM PC for example) are mainframes (full-size computers) but for a purpose — business data processing. Home computers are mainframes as well—but to what purpose? Who processes data at home?

The essential error that suppliers have made up to now is

Everybody agrees now that arcade games can hold the users' interest only for a limited span: Dr David Potter of Psion, a UK software company which makes good profits writing games for Sinclair's machines, says: "It was a highly profitable business but we have to evolve. Games are far too ephemeral."

So games are not the answer. Personal accounts management, then? "It is ridiculous to suggest using a computer to balance a chequebook," Mr John Sculley, the president of Apple Computer, says, adding that Apple has no intention of becoming involved in the home computer market.

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The essential error that suppliers have made up to now is

to think of the home computer as a general-purpose machine able to carry out many separate functions—games, accountancy, teaching and so on, just like a mainframe.

Think of a range of very cheap machines dedicated to special tasks and the picture is very different.

Many would argue, for example, that word processing is the single most important function for a home computer, yet the number of true home computers on which word processing can be carried out easily is tiny.

On the other hand, Brother of Japan is having a runaway success with its personal printer, essentially a microcomputer with a dedicated word processing program built in linked to a cheap printing mechanism. Limited, certainly, but it costs £200 or so; the cheapest word processing set-up based on a home computer and dot matrix printer costs over £1,000.

Filing information, names and addresses for example is another obvious use for the power of the home computer but today's models hardly make it simple, what with turning the machine on, loading the data and the search programme from tape or disc and so on.

Dr Potter's company, Psion, yesterday took a step in what many would regard as the right direction by launching a tiny pocket computer dedicated to information storage and retrieval. It can compute just like a conventional computer, but it is at its best storing volumes of information and retrieving them at high speed. The cost? Just under £100 at present.

The canon of uses for low cost microcomputers is endless. Recipes, yes—but what about a kitchen computer sealed against steam and grease which could work out an appealing dinner based on the ingredients available in the house (printing out tomorrow's shopping list as an extra benefit)?

Or a computer version of Encyclopaedia Britannica, Mrs Beeton or medical directories? The problem is not that the home computer is too limited for success. It is that it is much too versatile for the ordinary household.

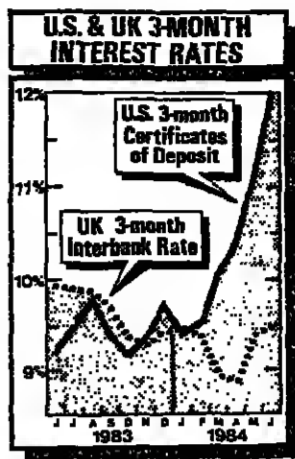
But if manufacturers and software houses can break away from creating limitation mainframes, the home computer industry should be able to recover its former vitality.

Additional research by Louise Kohler in San Francisco.

Interest rates

At the sharp end of the scissors

By Max Wilkinson, Economics Correspondent



"SOME interest rate rises occurred this week and some interest rate rises did not occur." Thus, in an even more Delphic style than usual, a harassed official this week summed up the acute policy dilemma now facing the British authorities.

A very free translation of this remark might be: We are rather worried. At the beginning of the week major U.S. banks raised their prime lending rates by another 1 percentage point to 13 per cent.

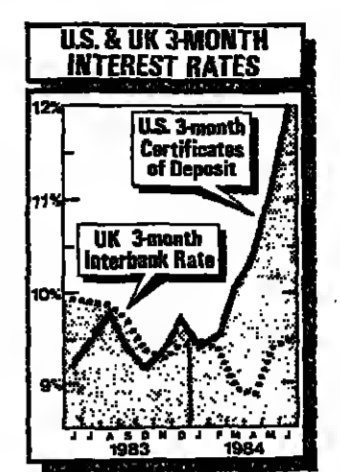
Meanwhile Lloyds Bank raised its base lending rate by 1 percentage point in line with the other UK banks which recently raised their rates to 8 1/2 per cent as a result of upward pressure from the U.S.

Sterling fell to new record lows against the dollar, the gilt market has been thoroughly unsettled and there were further signs of softness in the oil price. The possibility of a further rise in bank base rates was being actively discussed.

The Bank's statement was taken in the City to mean that the authorities will accept further falls in the value of the pound as the price for keeping down interest rates. In reality, however, the authorities want neither fall in sterling nor a rise in rates.

Over at the Treasury, which has generally taken a rather tougher line than the Bank on the exchange rate, there is little stomach for any fall in the pound large enough to threaten the anti-inflation strategy.

So if, like King Canute, the authorities should see the tide of U.S. interest rates inexorably rising, it is a fine bet whether they will stay put and let the pound get a further wobble or move interest rates up to higher ground.



that the money supply is 1% having reasonably well and the gentle 5 per cent slide sterling's value against its weighted basket of currencies this year is nothing to worry about.

The authorities must consider the effects on: Growth—any significant rise in interest rates could cur consumer credit, and thereby industry's confidence in investment. That added to the effect of the miners' strike, could back the expected 3 per cent economic growth this year.

Trade—a further general fall in the exchange rate will give more short-term help to export but could also work through into higher domestic prices.

Inflation—a 5 per cent fall in the exchange rate adds about 1 per cent to prices after a year. On the other hand, if interest rates rose instead, the mortgage rate would certainly go up so afterwards and a 1 per cent rise in the mortgage rate adds about 0.3 per cent to the Retail Price Index.

The Treasury must consider this very carefully in relation to its desire to keep a momentum of inflation moving steadily downwards, with 1984's rate forecast to be 3 per cent by the end of the year.

Public borrowing—a fall in sterling's rate against the dollar helps the Government by increasing its tax revenue from North Sea oil in sterling terms (oil is priced in dollars). TI estimates that the 10 per cent fall of the pound against the dollar since last year's average has added about £1bn to the Government's coffers compared with the Treasury's Budget forecast. In the longer term however, any sustained fall in oil prices would play havoc with this arithmetic.

In considering this general unappealing menu the authorities do not necessarily have to pick one item rather than another. The Bank for example points out in its latest bulletin that the last general rise in U.S. interest rates was only 1 percentage point, the smallest general rate rise since 1970s.

It is clear that the authorities would prefer small and gradual changes to interest rates. In future,

Weekend Brief

The inevitable death of Titbits

THE International Publishing Corporation this week passed sentence of death on Titbits, the 100-year-old progenitor of Britain's popular press.

"I sowed I wasn't going to be an undertaker," Paul Hopkins, the editor, remarked. "But... that's the way it's worked out."

Titbits did not die alone. IPC also announced the death of Screem, Tammy, Herts True and a more prosaic passing—Hi-Fi Today. Few will mourn them. But Titbits, in a long

and exciting life, caught the imagination of millions. The magazine was founded by George Newnes in October 1881 and it was the first popular paper to reach the magic 1m figure in its circulation. The peak was in 1955 with sales of 1,150,000.

Even today it is estimated that over 1m people read it every week with each copy being passed around to at least five other individuals. But what turned out to be the very last issue sold only some 170,000 copies.

The plays used by newspapers today to boost circulation—even Top People now have bingo with their current affairs—were nearly all pioneered by Titbits. Titbits was running competitions, with what were then fabulous prizes, decades ago. Titbits was first to put a glamour girl, albeit with clothes, on the front page; Titbits serialised H. Rider Haggard's "She"; and it was Titbits that



first thought of launching a national treasure hunt.

Lord Northcliffe, when he was mere Alfred Harmsworth, was among the contributors to Titbits, as was Sir Winston Churchill. And when Titbits ran a contest for a new song that could be sung by soldiers at the front in the First World

War it was won by Ivor Novello with "Keep the Home Fires Burning."

But in latter years the weekly Titbits had its clothes stolen by popular dailies such as The Sun. Mr Ron Chilton, chief executive of IPC Magazines, commented yesterday that the market had been taken over by the popular tabloids which were really just daily Titbits with a hit of news added on to the front."

The catalyst for the shutdown was a pay dispute which has led to a strike by clerical staff and by the magazine's 20 journalists. Mr Chilton, with the pickets still outside his office yesterday, said the strike had simply "brought forward closure." Although Titbits made a profit of £100,000 last year, the slow but inexorable fall in circulation meant that the end was merely a matter of time.

Nor does the demise of Titbits mark any fundamental change in the profile of IPC's

magazine portfolio. Rather like the Football League, the group closes or merges some four or five of its least successful titles every year. And every year it starts up some four or five new ones. In September it plans to launch Hair and Good Looking plus an upmarket cooking magazine—A La Carte.

Titbits itself subsumed its rival, Revue, some years ago. Now the only magazine of that type left on the bookstands will be the Associated Newspapers Week-end.

Now the Titbits title is now to be incorporated into Weekend starting with the July 18-24 issue. And Weekend may boost its own sales by picking up the remnants of Titbits traditional readership.

But Mr Chilton made it clear that Titbits would never again come out as a separate publication. Apart from anything else, IPC would not wish their and old logo to fall in to the hands of pornographers.

Blood and technology in the Green Belt

The Blood Products Laboratory at Elstree badly needs a new name. It neither deals in blood nor is a laboratory. It is a pharmaceutical company.

Dr Richard Lane, its director, says firmly. It is a state-owned activity supplying the National Health Service with rare and valuable drugs, and is the rarely mentioned—until recently—manufacturing end of the £40m a year Blood Transfusion Service.

Nevertheless Dr Lane uses the terms "factory" and "laboratory" interchangeably when he talks of the £51m investment in high technology the Department of Health is making in his Green-Belt operation, sandwiched discreetly between a reservoir and Elstree aerodrome in rural Herts. It is a measure of the confusion that reigns widely about blood and its uses in modern medicine.

Much of the blood donated regularly by about 2m volunteers in England and Wales ends up in the gleaming stainless vats of his ultra-clean factory. Its feedstock is the watery fraction called plasma, which remains when the red blood cells are strained off. It uses with equal facility both fresh plasma and "freeze-dried" plasma considered too old to give patients.

For Dr Lane—a medical doctor—it is all raw material for a highly sophisticated refining operation which sifts from a rich brew of man-made proteins some highly prized drugs needed to repair deficiencies in the blood of such patients as Britain's 4,500 haemophiliacs



Next year he hopes to finish a new plant which will triple his throughput to 450 tonnes of plasma a year. From this he will separate "blood products" which would cost Britain about £500 a year if they had to be imported. It will make Britain the first nation outside the U.S. to be self-sufficient in such elusive proteins as Factor VIII, and still rarer ingredients, he says.

To get this far has been a hard fight for this blood specialist whose previous experience includes spells with the drug industry, with the Medical Research Council, and at a blood transfusion centre.

The problem is the emotional overtones on an operation founded on the giving of blood and the popular image of the life-giving properties of whole blood. As the late Tony Hancock discovered, giving blood

demand an emotional commitment. Stories that the service is being abused can cause serious hiccups in the supply of Dr Lane's precious feedstock.

In fact, more of the donated blood ends up as feedstock for his factory than poured into patients as whole blood, chiefly as a result of dramatic progress in separating the constituents of a remarkably complicated brew.

U.S. industry pioneered this research and installed production capacity in the 1960s. Britain followed by 1974 but has never become self-sufficient in a field where the technical opportunities for purifying new proteins to help more patients have been expanding rapidly. Currently Britain spends about £10m a year on imports of blood products, mostly from the U.S., Dr Lane estimates.

He evinces a healthy respect for U.S. commercial pragmatism in pioneering the technology. "They have been keeping haemophiliacs alive." But he winces at the prices U.S. companies put on some blood factors.

Another diversion has been the claims of the new biotechnology firms to have cloned genes that make such proteins as Factor VIII. As Dr Lane sees it, successful cloning is just the first step on a perilous road, technically and toxicologically, before any bio-synthesised blood factor is going to be approved for use by patients who may well have to take it for the rest of their lives.

He wants his scale of production to be set by the British demand for his products, and not risk accusations that people are freely giving their blood simply for him to sell overseas, with profits going back to the

Farewell my (Japanese) lovelies...

MR KAZUYOSHI MIURA is one of Japan's biggest celebrities. Television stations have been producing programmes at the rate of a hundred a month about his activities. His life story is a best-seller. Woodstock has been built around his home to keep out an entanglement of journalists and cameramen. In May, to escape the media siege, Mr Miura left Japan for Europe.

It is not just the 35-year-old Mr Miura's good looks which fascinate the Japanese public, so much as a series of events in his life around which newspaper and television reporters have constructed an elaborate framework of inference and innuendo.

In November 1981, Mr Miura and his wife were shot during a robbery in Los Angeles. Mr Miura recovered, and recovered from a minor wound. His wife lay in a coma for a year before dying. And in March this year, Los Angeles police found a decomposed body which they identified as that of Miss Chizuko Shiraiishi, a former girlfriend of Mr Miura. Miss Shiraiishi was originally reported missing in 1979.

The Japanese press has also noted that Mrs Kazumi Miura's life was insured for ¥150m (about £47m); and that, two months before the shooting, she had been attacked with a hammer at her Los Angeles hotel by a woman later identified as a Japanese porographic film actress.

these events. No charges have been brought against him. Some Japanese commentators are condemning Mr Miura's "trial by media," but the tide of public interest shows little sign of receding.

It seemed as though the depths of prurience might have been plumbed in spring by a Japanese television reporter who, during the press siege of Mr Miura's house, held up to a second-floor window a wooden sign displaying such questions as "please state whether you (1) killed, (2) did not kill, or (3) can't comment on the death of Kazumi and Chizuko." Stayed.

The tour, has however, now been undercut by Tokyo travel agency called Jole Tours which recently announced what it calls its "Suspicion Tour of Los Angeles" as an added attraction for Japanese visitors to the Olympic games.

The one-day tour, costing \$60, starts at Los Angeles International Airport, "where Miura arrived from the United States" and goes on to the City Center Motel, where Mr Miura stayed during the press siege of Mr Miura's house, held up to a second-floor window a wooden sign displaying such questions as "please state whether you (1) killed, (2) did not kill, or (3) can't comment on the death of Kazumi and Chizuko." Stayed.

After a stop at the Imperial Dragon night club, said to be a favourite of Mr Miura's, the bus visits the Hollywood Inn, where Miss Chizuko Shiraiishi was discovered.

BUILDING SOCIETY RATES

Table with columns for Share Price, Sub-Share Price, and various building society rates for different locations and terms. Includes entries for Abbey National, Ald to Thrift, Alliance, Anglia, Birmingham and Bridgwater, Bradford and Bingley, Britannia, Cardiff, Catholic, Century (Edinburgh), Chelsea, Cheltenham and Gloucester, Citizens Regency, City of London (The), Derbyshire, Gateway, Greenwich, Guardian, Halifax, Heart of England, Hemel Hempstead, Hendon, Lambeth, Leamington Spa, Leeds and Holbeck, Leeds Permanent, Leicester, London Permanent, Midlands, Morningson, National Counties, National and Provincial, Nationwide, Newcastle, Northern Rock, Norwich, Paddington, Peckham, Portman, Portsmouth, Property Owners, Scarborough, Skipton, Stroud, Sussex County, Sussex Mutual, Thrift, Town and Country, Wessex, Woolwich, and Yorkshire.

Contributors: Sue Cameron David Fishlock

UK COMPANY NEWS

Companies and Markets

Avana rises 33% to beat forecast

AN increase of some 33 cent in profit before tax and 100% increase in the profit margin for the year ended February 28, 1984, has led Avana to rise 33% to 1.11p...

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Correlation, Total, Total last year. Includes Avana, Buroco Dean, CPI Holdings, etc.

up from £8.56m to £10.82m from 7p to 11.8p, including the 100% increase in the profit margin...

cope with low commodity margins. At Ledbury, sales of Trumpler have continued to grow...

tomers and O.P. will have a prosperous future.

Despite the continuing recession and intense pressure from the High Street, the company has made and will continue to make progress...

comment The weakness of recent months notwithstanding, Avana's shares still stand at a substantial premium to the food sector average...

Full year deficit over £1m mark at Barget

LOSSES OF £1.26m before tax, against profits of £401,000, were incurred by Barget in calendar 1983.

The company adds that severe rationalisation measures have been implemented, including the relocation of its head office...

Cambridge Pet. defence hits at misleading talk

BY ALEXANDER NICOLL

Cambridge Petroleum Royalties fought back yesterday in what has become a bitter war of words with Energy Recovery Investment Corporation (ERIC)...

value the offer at 45p per Cambridge share. But Cambridge said: "ERIC is effectively no market in ERIC's shares..."

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Buroco Dean's losses accelerate to £0.77m

URTHER HEAVY losses by its kitchen furniture division pushed Buroco Dean much deeper into the red over the six months ended March 31, 1984.

Following the launch of the new kitchen ranges in December sales did not reach budgeted levels. This was mainly due to unexpected delays by suppliers...

There was again no tax charge. The interim results for the 1983/84 year included an exceptional credit of £173,000 being paid in relation to consequential losses for the previous year.

enthusiastic reception accorded to its new line of goods at the Interbild Exhibition, with the result that it missed the important spring sales season...

Board shake-up at Intervention

BY CHARLES BATCHELOR

Intervention Video (Holdings), the video tape distribution group, has appointed a chairman and made other board changes aimed at strengthening its team of directors.

Mr Terry Norris, a board member of Intervention for the past three months will become chairman of the company.

Mr Geoffrey Hall, who represented Mr John Bentley's Yelverton group, which formerly held a 6 per cent stake in Intervention, has resigned following Yelverton's sale of its holdings.

Intervention recently established with CBS/FOX Video. Mr Terry Norris, a board member of Intervention for the past three months will become chairman of the company.

Textured Jersey helped by fire claim

PRE-TAX profits of Textured Jersey improved from £308,000 to £485,000 over the 12 months ended April 30, 1984, although £300,000 of this time's figures derived from an exceptional receipt concerning the fire at the Corby factory last September.

TDS Circuits coming to USM

TDS Circuits, one of the largest independent makers of high technology printed circuit boards in Europe, is coming to the Unlisted Securities Market.

because of the costs of starting production of multi-layer circuit boards. In 1982-83, profits recovered to £1.4m and by 1983-84 had climbed to £1.7m.

turnover per employee has doubled over the period, while sales have more than doubled to £7.8m. Over the same period, the company has gradually reduced its dependence on plated-through-hole boards...

Sharp progress by J.J. & D. Frost

Pre-tax profits of the enlarged J.J. & D. Frost group totalled £831,000 in the year to December 31, 1983 and were achieved on a turnover of £51,360m.

Switland critical of Midsummer's performance

Switland Leisure, a privately-held company, has offered a 25 per cent stake in support of its £1.85m bid for Midsummer Inns, the real ale brewer.

Ferguson Ind. lifts stake in Whatlings

Ferguson Industrial Holdings (diversified industrial trust) has raised its holding in Whatlings, the Glasgow-based civil engineer and building contractor...

Glanfield Lawrence

Because of an agency error the purchase by Mr Christopher Selmes's shares in Glanfield Lawrence was incorrectly reported in yesterday's edition. It should have read that on June 25 and 26 Mr Selmes acquired 150,000 and 1,000 shares respectively in Glanfield, giving him a personal holding of 225,000 shares.

Cullen's incurs loss in second half

A SIGNIFICANT downturn during the second six months left Cullen's Stores, a delicatessen and off-licence chain, £63,000 in the red for the full year to February 29, 1984, compared with previous profits of £198,000.

of a £89,000 jump in interest charges to £190,000. A final dividend of 3.6p net on the ordinary and A ordinary shares maintains the total at 4.3p.

At the six months' stage pre-tax profits had risen from £72,230 to £220,450.

Polymark International

Polymark International, the laundry equipment group, has deferred its half-yearly dividend to show for the heavy investment because of the continuing uncertainty about trading prospects for its French subsidiary.

Further losses were incurred by North British Steel Group

Further losses were incurred by North British Steel Group (Holdings) in the half year to April 7, 1984, and the company is passing the interim dividend.

More company news

The significant changes which have occurred since the last year-end at Belgrave Holdings, formerly Belgrave (Blackheath), have had a beneficial effect in the 11 months to December 31 1983 (against the year to January 1983) the company has experienced a £276,000 turnaround from a £242,000 deficit to a £34,000 profit.

There was again no tax for the opening period

There was again no tax for the opening period. The loss per share is shown as 17.3p (15.2p).

Royal Doulton Tableware

Royal Doulton Tableware has changed its name to Royal Doulton (UK).

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid per share, Bidder. Includes Cambridge Pet, Castlefield (Kiang), Coleman Milne, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit (£000), Earnings per share (p), Dividends per share (p). Includes And Strathclyde, Ansbacher, Argyl Group, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends per share (p). Includes Anglia TV, Assoc Fisheries, Barr, A.G., etc.

Rights Issues

Table with columns: Company, Rights issue details. Includes Anvil Petroleum, Cooks Group, Waddington-John, etc.

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. // Loan stock alternative. ** Based on 29/6/84. †† At suspension. ††† Estimated. †§ Shares

RESULTS DUE NEXT WEEK

General Electric Company expects to be looking for anything from a same again pre-tax outcome of £670m to a rise to £690m when the company reports on the year to March, on Tuesday.

Vantona Viyella

The City is rather intrigued that Vantona Viyella is publishing its interim figures for the period to the end of May on Tuesday—a month earlier than expected.

Fitch Lovell

Fitch Lovell's profits for the year to last April are to be announced on Thursday will include a hefty interest gain. The £50m cash it received from the disposal of Key Markets, West Guoner butcher and the poultry division would earn around £2.5m, which exceeds contribution (those businesses made under the Fitch banner, and compares with £3m interest paid in the previous year.

Table with columns: Company, Dividend due, Dividend (p/s), Last year, Final, This year. Lists companies like Balfour Beatty, British Airways, etc.

* Dividends are shown net of tax and are adjusted for any intervening scrip issues. † Cents per share.

COMPANY NEWS IN BRIEF

PRE-TAX PROFITS fell from £1.5m to £1.17m in the year to March 31 1984 at the Hellic & General Trust, the investment holding company which is a wholly-owned subsidiary of Hellic.

Yamaha to pass dividend as net deficit widens

YAMAHA MOTOR, Japan's second-largest motorcycle maker, reported yesterday an unconsolidated net loss of ¥35bn (\$149m) for the year to April. The loss, which follows a ¥10.5bn deficit in 1982-83, reduces parent company shareholders' funds to ¥24.9bn.

Mazda ahead after six months

MAZDA MOTOR (formerly Toyo Kogyo), the third largest of Japan's car makers, reported stronger than expected earnings for its first half to April. Rapid improvement in export profitability is expected to produce record earnings and sales for this year.

Canal-Randolph pays liquidating cash

CANAL-RANDOLPH, the U.S. property group which is being liquidated after a proxy fight for control between U.S. and UK investors last year, has announced a second liquidation cash dividend of \$33 per share, writes William Hall in New York.

Creusot failure ends era of state support

AS BOTH sides tell their tale of the final days of Creusot-Loire, the picture that emerges is of France's largest heavy engineering group slipping into bankruptcy amid indecision, misunderstandings and confusion.

CBS pulls out of satellite TV venture

THE infant U.S. direct satellite broadcast business has suffered a further casualty with the withdrawal of CBS, the big communications group, from a proposed joint venture with Communications Satellite Corporation (Comsat).

CFP forecasts big recovery

CFP, the French oil group which markets under the Total label, expects to return a net profit of over FFc 300m (\$58.5m) for the first quarter of 1984.

Sales increase at Hoesch

HOESCH, the West German steel and heavy engineering group, yesterday reported a 3.1 per cent increase in sales for the first five months of 1984. The company is confident of showing a profit this year, despite the effects of the engineering industry strike in West Germany.

Kuwait buys stake in HK banking group

THE KUWAIT Investment Office (KIO) has bought a 20 per cent stake in Hong Leong, the Hong Kong banking and securities group controlled by the Qwek family of Malaysia, for an undisclosed sum.

CFP forecasts big recovery

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M Didier Pincou-Valencienne (left) and M Laurent Fabius. Fabius did become involved down the curtain on the close collaboration which once existed between France's major private sector groups and the State.

ECONOMIC DIARY

TODAY: Deadline for Argentina's refinancing package. TOMORROW: Sir Geoffrey Howe, Foreign Secretary, starts two-day visit to Moscow. World Congress of Diamond Bourses opens in Antwerp (until July 4).

Granville & Co. Limited

Table with columns: 1983-84, Company, Price Change, Gross Yield, P/E, Fully. Lists companies like Ashly Industrial, etc.

MONTAGU FINANCIAL SERVICES advertisement with logo and contact information.

FINANCIAL TIMES advertisement for TR Natural Resources Investment Trust PLC.

Large advertisement for TR Natural Resources Investment Trust PLC, titled 'How resourceful is your portfolio?'.

WORLD STOCK MARKETS

EW YORK

Table of stock prices for various companies in the EW YORK section, including columns for Stock, June 28, and June 27.

STOCK

Table of stock prices for various companies in the STOCK section, including columns for Stock, June 28, and June 27.

WALL STREET

Signs of slowing economy

Signs of slowing economy... volume picked up after a sluggish start... The Toronto Composite Index gained 7.7 to 2,215.2...

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Notes and footnotes at the bottom of the page, including market commentary and index details.

FOREIGN EXCHANGES

Quiet trading

Trading volume was confined to a relatively low level yesterday on the coincidence of the weekend, month end, quarter and half year-end. Consequently currencies showed little overall change.

Table with columns for currency, rate, and change. Includes entries for Argentina, Australia, Brazil, Canada, etc.

OTHER CURRENCIES

Table listing exchange rates for various currencies like the Swiss Franc, Japanese Yen, and others.

EXCHANGE CROSS RATES

Table showing cross rates between major currencies such as the Pound Sterling, US Dollar, and Deutsche Mark.

THE POUND SPOT AND FORWARD

Table detailing the pound spot and forward rates for various maturities and currencies.

THE DOLLAR SPOT AND FORWARD

Table detailing the dollar spot and forward rates for various maturities and currencies.

Rates steady

Interest rates showed little overall change in the London money market yesterday. Longer term rates showed a slightly steeper trend initially.

UK clearing banks' base lending rate

UK clearing banks' base lending rate is 9 1/2 per cent (since May 10 June 27).

LONDON MONEY RATES

Table showing London money rates for various instruments like Treasury bills, bank deposits, and interbank rates.

Discount Houses Deposit and Bill Rate

Table showing discount house deposit and bill rates.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies.

ECG Fixed Rate Euro Finance Scheme (V) - Average Rate of interest paid May 2 to June 6 1984 (inclusive): 5.50 per cent.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like metals, grains, and oil.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various maturities and currencies.

AMERICAN MARKETS

NEW YORK

Table showing American market prices for commodities like coffee, sugar, and oil.

LEAD price surge continues on LME

Other bullish factors affecting the copper market were the continuing shortage of supplies available for nearby delivery.

BASE METALS

LEAD was once again the liveliest of the metals quoted on the London Metal Exchange.

INDICES

Table showing various financial indices like the FT 100, Dow Jones, and Nikkei.

CHICAGO

Table showing Chicago market prices for commodities like live cattle and hogs.

LONDON OIL

The gas oil market opened lower against New York but picked up during the morning.

TIN

Tin - Morning: Standard: Cash 3,340.38, three months 3,288.88.

SOYABEAN MEAL

Yestday's + or - Business Close - Done

SUGAR

LONDON DAILY PRICE - Raw mill \$100.00 (\$125.50), down 25.50 (down 54.00).

GOLD MARKETS

Gold fell 5/8 an ounce from Thursday's close in the London bullion market yesterday.

SILVER

Silver was fixed 1.2p on the ounce lower for spot delivery in the London bullion market yesterday.

POTATOES

Concern over the possible effect of any prolonged dry weather on the crop kept the market steady.

COFFEE

BR to extend fast parcels service BRITISH RAIL'S Night Star expresses parcels service.

BR to extend fast parcels service

BRITISH RAIL'S Night Star expresses parcels service, which guarantees delivery by noon the next day throughout mainland Britain.

COFFEE

COFFEE Yestday's + or - Business Close - Done

BRITISH RAIL'S Night Star

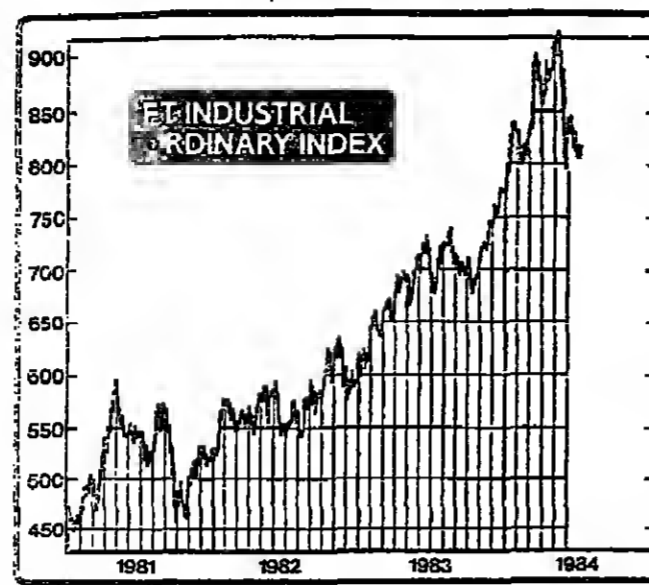
BRITISH RAIL'S Night Star expresses parcels service, which guarantees delivery by noon the next day throughout mainland Britain.

COFFEE

COFFEE Yestday's + or - Business Close - Done

Equity leaders end volatile trading note
Gilts attract demand and authorities sell stock

Account Dealing Dates
First Declared Last Account
Option
Account Dealing Dates
First Declared Last Account
Option



major clearing banks, NatWest
rebounded 16 to 583p as did
Barclays, to 455p, while Lloyds
closed 10 higher at 528p, after
533p, Midland closing at 293p,

annual report, but disappointing
trading statements left Buro
Dean 2 off at 22p and Barge 2
easier at 35p. Smiths Industries
closed 5 higher at 515p; the
company announced yesterday
the sale of two subsidiaries, Godfrey
Holmes and Affiliated Factors, to
GKN. Revised support in
limited market left GR Holdings
10 to the good at 245p, while
European Ferries closed a penny
dearer at 104p following details
of the modified scheme of
arrangement.

RTZ edge higher
Although business in mining
market continued to contract
on a general lack of interest
the sector rebounded with
theories as to RTZ's intentions
towards Enterprise Oil when
dealings in the latter commenced
on Monday.

Lucas Industries, a reported
chart "buy," advanced 4 to
record a five-day gain of 12 to
184p. Elsewhere in subdued
Motors, BL eased 3 to 58p amid
worries that the Enterprise Oil
debacle could hinder the pro-
posed Jaguar flotation.
Leading Properties made use-
ful progress but the volume of
business again left much to be
desired. Land Securities added
2 to 264 and M&P at 294p.
Elsewhere, London Provincial
Shop gained 6 to 304p.
P & O Deferred finished a
volatile week in good heart,
rising 12 to 300p on considera-
tion of the sale of its Falco oil
trading operations to Interbrat
of the U.S. for £42m. Ocean
Transport also found favour and
closed 8 dearer at 122p.
Textiles closed a shade firmer
for choice under the lead of
Courtauld's 3 dearer at 120p.
Trotal rose 7 to 225p, encour-
aged by the chairman's bullish
remarks and rose 3 to record a
five-day advance of 7 to 470p.
Textured Jersey improved to 75p
in initial response to the 57 per
cent expansion in annual profits,
but receded later to settle only a
net penny to the good at 72p
following consideration of the
cautious statement. In contrast,
Harold Ingram encountered
fresh profit-taking in a restricted
market and gave up 15 more to
100p, far from this year's peak
of 445p.
Financials trended irregularly.
R. P. Martin, 265p, and Mills
and Allen, 275p, rose 5 apiece,
but Exco went again friendless
and shed 10 for 41p, while J. and
F. Frost improved a few pence to 90p
following the preliminary
figures.

A volatile fortnightly trading
week ended with London mar-
ket looking slightly more opti-
mistic yesterday. Overseas indi-
cators were mainly responsible
for the brighter tone. Wall
Street's improvement overnight
encouraged early stability here.
Unconfirmed reports soon cir-
culated that Argentina, one of
a main South American debtor
countries, had offered condition-
ally to repay a large part of its
outstanding interest payments,
promptly starting banking cir-
cled asidre recent caution
advanced impressively. Mid-
land, dogged on Thursday by
vivid fears which the clearer
frequently allayed, also man-
aged to recover.
Leading industrial shares soon
plunged and one or two institu-
tional buyers became interested.
New-time business for the
week starting on Monday, was
reluctant, but values continued
to improve on what Wall Street
would respond to the U.S.
trading economic indicators for
lay. Within the first hour of
trading yesterday, the Dow Jones
average rose sharply and the FT
Industrial Ordinary share index
closed 10.5 up at the day's best
of 817.9, after starting the ses-
sion a shade lower.
Investors in Government
securities also were of their
recent reservations. A slightly
more relaxed interest rate scene
coupled with a better sterling/
dollar exchange rate induced sup-
port of both short and longer-
dated Gilts. The authorities were
able to supply further quantities
of the taplets made available to
the market on Thursday. After
selling Treasury 10 per cent
2002, at 84, and Conversion 10
per cent 2002, at 92, late in the
previous day, the Government
maker supplied more of the
latter yesterday at 83. Although
losing a touch of the best,
longer Gilts settled with gains
ranging to 1.

Clearers rally
Reports that Argentina was
about to repay the bulk of its
overdue interest payments be-
fore today's deadline together
with Midland's denial of an in-
terim dividend cut helped the

Table with columns: Financial Times Stock Indices, Highs and Lows, S.E. Activity. Includes data for Government Securities, Fixed Interest, Industrial Ord., etc.

Table titled LEADERS AND LAGGARDS showing percentage changes since December 30 1983 for various sectors like Newspapers, Publishing, Tobacco, etc.

Table titled RECENT ISSUES listing various stocks and their prices, including 180 P.P., 270 P.P., etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Large table with columns: EQUITY GROUPS & SUB-SECTIONS, Fri June 29 1984, Highs and Lows Index, 1984, etc. Lists various equity groups and their performance.

Table titled FIXED INTEREST showing average gross redemption yields for various terms like 1 year, 2 years, 5 years, etc.

Oil's improve

The oil sector ended an erratic
week and Account on a firm note
but trading was down to a trickle
due to a sharp fall in the price
of Enterprise Oil shares of which
commence trading in £1-paid form.
A major talking point was the
likely opening price for Enterprise
oil, which is expected to be
around 400p, following a 10p
discount, possibly to the
region of 10p to 5p.
Among the leaders Shell put
on a 5 to 620p and Ultramar
a similar amount at 525p, while
British rose 7 to 225p. BP
traded 480p prior to closing a
net 5 to the good at 455p, as did
LASMO, at 275p, after 275p.
Hope that RTZ could turn its
attention to Trecor, having
apparently been thwarted in its
attempt to acquire the 49 per cent

NEW HIGHS AND LOWS FOR 1984

Table listing new highs and lows for 1984 across various sectors like AMERICANS, CANADIANS, etc.

NEW LOWS (45)

Table listing new lows for 1984 across various sectors like AMERICANS, CANADIANS, etc.

RISES AND FALLS

Table showing rises and falls for various sectors like British Funds, Cable & Wire, etc.

ACTIVE STOCKS

Table listing active stocks with columns for Stock, Change, Day's change, etc.

THURSDAY'S ACTIVE STOCKS

Table listing Thursday's active stocks with columns for Stock, Change, Day's change, etc.

5-DAY ACTIVE STOCKS

Table listing 5-day active stocks with columns for Stock, Change, Day's change, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue, Price, etc.

RIGHTS OFFERS

Table listing rights offers with columns for Issue, Price, etc.

Financial Times, London, 1984. Includes publication details and contact information.

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to these securities not included in the FT Share Information Service. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done on the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Teletext system.

They are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the five previous days is given with the relevant date.

* Bargains at special prices. † Bargains done the previous day. ‡ Bargains done with non-member or executed in overseas markets.

FOREIGN GOVTS

Australia 11/24 2015 12/24 2015
Brazil 11/24 2015 12/24 2015
Canada 11/24 2015 12/24 2015
France 11/24 2015 12/24 2015
Germany 11/24 2015 12/24 2015
Italy 11/24 2015 12/24 2015
Japan 11/24 2015 12/24 2015
Netherlands 11/24 2015 12/24 2015
Spain 11/24 2015 12/24 2015
Sweden 11/24 2015 12/24 2015
Switzerland 11/24 2015 12/24 2015
USA 11/24 2015 12/24 2015

CORPORATION & UTILITIES

British Petroleum 11/24 2015 12/24 2015
Shell 11/24 2015 12/24 2015
British Airways 11/24 2015 12/24 2015
British Telecom 11/24 2015 12/24 2015
British Electric 11/24 2015 12/24 2015
British Gas 11/24 2015 12/24 2015
British Overseas Airways 11/24 2015 12/24 2015
British Waterways 11/24 2015 12/24 2015
British Airways 11/24 2015 12/24 2015
British Telecom 11/24 2015 12/24 2015

UK PUBLIC BONDS

UK Government Bonds 11/24 2015 12/24 2015
UK Local Government Bonds 11/24 2015 12/24 2015
UK Corporate Bonds 11/24 2015 12/24 2015
UK Infrastructure Bonds 11/24 2015 12/24 2015
UK Environmental Bonds 11/24 2015 12/24 2015
UK Social Bonds 11/24 2015 12/24 2015
UK Green Bonds 11/24 2015 12/24 2015
UK Sustainable Bonds 11/24 2015 12/24 2015
UK Impact Bonds 11/24 2015 12/24 2015
UK Development Bonds 11/24 2015 12/24 2015

COMMONWEALTH GOVT

Commonwealth Government Securities 11/24 2015 12/24 2015

FOREIGN STOCKS

Foreign Stocks 11/24 2015 12/24 2015
Asia 11/24 2015 12/24 2015
Europe 11/24 2015 12/24 2015
Africa 11/24 2015 12/24 2015
Latin America 11/24 2015 12/24 2015
Middle East 11/24 2015 12/24 2015
Oceania 11/24 2015 12/24 2015
Americas 11/24 2015 12/24 2015
Europe 11/24 2015 12/24 2015
Africa 11/24 2015 12/24 2015

CORPORATIONS - FOREIGN

Foreign Corporations 11/24 2015 12/24 2015
Asia 11/24 2015 12/24 2015
Europe 11/24 2015 12/24 2015
Africa 11/24 2015 12/24 2015
Latin America 11/24 2015 12/24 2015
Middle East 11/24 2015 12/24 2015
Oceania 11/24 2015 12/24 2015
Americas 11/24 2015 12/24 2015
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BANKS, DISCOUNT

Banks and Discount 11/24 2015 12/24 2015
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Bank of Scotland 11/24 2015 12/24 2015
Bank of Ireland 11/24 2015 12/24 2015
Bank of Montreal 11/24 2015 12/24 2015
Bank of America 11/24 2015 12/24 2015
Bank of Canada 11/24 2015 12/24 2015
Bank of New York 11/24 2015 12/24 2015
Bank of Tokyo 11/24 2015 12/24 2015
Bank of China 11/24 2015 12/24 2015
Bank of India 11/24 2015 12/24 2015

BREWERIES

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Asahi 11/24 2015 12/24 2015
Beck's 11/24 2015 12/24 2015
Carlsberg 11/24 2015 12/24 2015
Heineken 11/24 2015 12/24 2015
Kaiser Brewery 11/24 2015 12/24 2015
Pilsener 11/24 2015 12/24 2015
Tottenham 11/24 2015 12/24 2015
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Woolwich 11/24 2015 12/24 2015
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RAILWAYS

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SHIPPING

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UTILITIES

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WATER WORKS

Water Works 11/24 2015 12/24 2015
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UNIT TRUSTS

Unit Trusts 11/24 2015 12/24 2015
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MINES - MISCELLANEOUS

Mines - Miscellaneous 11/24 2015 12/24 2015
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MINES - SOUTH AFRICAN

Mines - South African 11/24 2015 12/24 2015
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UNLISTED SECURITIES

Unlisted Securities 11/24 2015 12/24 2015
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PROPERTY

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FINANCIAL TRUSTS

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INSURANCE

Insurance 11/24 2015 12/24 2015
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INVESTMENT TRUSTS

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V - W

V - W 11/24 2015 12/24 2015
British Overseas Airways 11/24 2015 12/24 2015
British Overseas Airways 11/24 2

HORISED T TRUSTS

Table of investment trusts with columns for Name, Unit Price, and % Change. Includes sections like British Group, Brown Shipley & Co. Ltd., and various unit trusts.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing numerous unit trusts across various categories like General Investment, Income, and Growth, with columns for Name, Unit Price, and % Change.

Advertisement for Charmley & Davies Group. Features a large graphic with the text 'D.I.Y. INVESTMENT IS DANGEROUS!' and a testimonial from a client. Includes contact information and a list of services offered.

Handwritten text at the top of the page, possibly a date or reference number.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and investment products, including Liberty Life Assurance Co Ltd, National Provident Institution, and others, with columns for fund names and values.

Table listing insurance and investment products, including Sun Life of Canada, Swiss Life Assurance Co Ltd, and others, with columns for fund names and values.

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OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Money Market

NOTES

Notes and disclaimers at the bottom of the page regarding the accuracy of the data and the responsibility of the publisher.

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MONTHLY INCOME

Find out more — ring Freefone Fidelity

Fidelity INTERNATIONAL

BRITISH FUNDS

1988	Stock	Price	Yield	Int. Rate
"Shorts" (Lives up to Five Years)				
100	100	100	100	100
101	101	101	101	101
102	102	102	102	102
103	103	103	103	103
104	104	104	104	104
105	105	105	105	105
106	106	106	106	106
107	107	107	107	107
108	108	108	108	108
109	109	109	109	109
110	110	110	110	110

Five to Fifteen Years

1988	Stock	Price	Yield	Int. Rate
111	111	111	111	111
112	112	112	112	112
113	113	113	113	113
114	114	114	114	114
115	115	115	115	115
116	116	116	116	116
117	117	117	117	117
118	118	118	118	118
119	119	119	119	119
120	120	120	120	120

Over Fifteen Years

1988	Stock	Price	Yield	Int. Rate
121	121	121	121	121
122	122	122	122	122
123	123	123	123	123
124	124	124	124	124
125	125	125	125	125
126	126	126	126	126
127	127	127	127	127
128	128	128	128	128
129	129	129	129	129
130	130	130	130	130

Undated

1988	Stock	Price	Yield	Int. Rate
131	131	131	131	131
132	132	132	132	132
133	133	133	133	133
134	134	134	134	134
135	135	135	135	135
136	136	136	136	136
137	137	137	137	137
138	138	138	138	138
139	139	139	139	139
140	140	140	140	140

Index-Linked

1988	Stock	Price	Yield	Int. Rate
141	141	141	141	141
142	142	142	142	142
143	143	143	143	143
144	144	144	144	144
145	145	145	145	145
146	146	146	146	146
147	147	147	147	147
148	148	148	148	148
149	149	149	149	149
150	150	150	150	150

INT. BANK AND OSEAS GOVT STERLING ISSUES

1988	Stock	Price	Yield	Int. Rate
151	151	151	151	151
152	152	152	152	152
153	153	153	153	153
154	154	154	154	154
155	155	155	155	155
156	156	156	156	156
157	157	157	157	157
158	158	158	158	158
159	159	159	159	159
160	160	160	160	160

CORPORATION LOANS

1988	Stock	Price	Yield	Int. Rate
161	161	161	161	161
162	162	162	162	162
163	163	163	163	163
164	164	164	164	164
165	165	165	165	165
166	166	166	166	166
167	167	167	167	167
168	168	168	168	168
169	169	169	169	169
170	170	170	170	170

COMMONWEALTH AND AFRICAN LOANS

1988	Stock	Price	Yield	Int. Rate
171	171	171	171	171
172	172	172	172	172
173	173	173	173	173
174	174	174	174	174
175	175	175	175	175
176	176	176	176	176
177	177	177	177	177
178	178	178	178	178
179	179	179	179	179
180	180	180	180	180

LOANS

1988	Stock	Price	Yield	Int. Rate
181	181	181	181	181
182	182	182	182	182
183	183	183	183	183
184	184	184	184	184
185	185	185	185	185
186	186	186	186	186
187	187	187	187	187
188	188	188	188	188
189	189	189	189	189
190	190	190	190	190

Public Board and Ind.

1988	Stock	Price	Yield	Int. Rate
191	191	191	191	191
192	192	192	192	192
193	193	193	193	193
194	194	194	194	194
195	195	195	195	195
196	196	196	196	196
197	197	197	197	197
198	198	198	198	198
199	199	199	199	199
200	200	200	200	200

Financial

1988	Stock	Price	Yield	Int. Rate
201	201	201	201	201
202	202	202	202	202
203	203	203	203	203
204	204	204	204	204
205	205	205	205	205
206	206	206	206	206
207	207	207	207	207
208	208	208	208	208
209	209	209	209	209
210	210	210	210	210

FOREIGN BONDS & RAIS

1988	Stock	Price	Yield	Int. Rate
211	211	211	211	211
212	212	212	212	212
213	213	213	213	213
214	214	214	214	214
215	215	215	215	215
216	216	216	216	216
217	217	217	217	217
218	218	218	218	218
219	219	219	219	219
220	220	220	220	220

THE LONDON SHARE INFORMATION SERVICE

AMERICANS

1988	Stock	Price	Yield	Int. Rate
221	221	221	221	221
222	222	222	222	222
223	223	223	223	223
224	224	224	224	224
225	225	225	225	225
226	226	226	226	226
227	227	227	227	227
228	228	228	228	228
229	229	229	229	229
230	230	230	230	230

CANADIANS

1988	Stock	Price	Yield	Int. Rate
231	231	231	231	231
232	232	232	232	232
233	233	233	233	233
234	234	234	234	234
235	235	235	235	235
236	236	236	236	236
237	237	237	237	237
238	238	238	238	238
239	239	239	239	239
240	240	240	240	240

BANKS, HP & LEASING

1988	Stock	Price	Yield	Int. Rate
241	241	241	241	241
242	242	242	242	242
243	243	243	243	243
244	244	244	244	244
245	245	245	245	245
246	246	246	246	246
247	247	247	247	247
248	248	248	248	248
249	249	249	249	249
250	250	250	250	250

BEERS, WINES & SPIRITS

1988	Stock	Price	Yield	Int. Rate
251	251	251	251	251
252	252	252	252	252
253	253	253	253	253
254	254	254	254	254
255	255	255	255	255
256	256	256	256	256
257	257	257	257	257
258	258	258	258	258
259	259	259	259	259
260	260	260	260	260

DRAPERY & STORES

1988	Stock	Price	Yield	Int. Rate
261	261	261	261	261
262	262	262	262	262
263	263	263	263	263
264	264	264	264	264
265	265	265	265	265
266	266	266	266	266
267	267	267	267	267
268	268	268	268	268
269	269	269	269	269
270	270	270	270	270

BEERS, WINES—Cont.

1988	Stock	Price	Yield	Int. Rate
271	271	271	271	271
272	272	272	272	272
273	273	273	273	273
274	274	274	274	274
275	275	275	275	275
276	276	276	276	276
277	277	277	277	277
278	278	278	278	278
279	279	279	279	279
280	280	280	280	280

BUILDING INDUSTRY, TIMBER AND ROADS

1988	Stock	Price	Yield	Int. Rate
281	281	281	281	281
282	282	282	282	282
283	283	283	283	283
284	284	284	284	284
285	285	285	285	285
286	286	286	286	286
287	2			

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas.

PROPERTY—Continued

Table of property stocks including companies like British Land, Granada, and News International.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British American Trust, British Investment Trust, and British Venture Trust.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI.

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Aerospace and Rover.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Leyland and Daimler.

Components

Table of component stocks including companies like Lucas and Lucas Industries.

SHIPPING

Table of shipping stocks including companies like P&O and Cunard.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Clarks and T. S. Bristow.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American and De Beers.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International and Newsprint.

PAPER, PRINTING

Table of paper and printing stocks including companies like Newsprint and Newsprint.

TEXTILES

Table of textile stocks including companies like British Textiles and British Textiles.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British American Trust and British Investment Trust.

INSURANCES

Table of insurance stocks including companies like British American Insurance and British Insurance.

LEISURE

Table of leisure stocks including companies like British Airways and British Telecom.

PROPERTY

Table of property stocks including companies like British Land and Granada.

INVESTMENT TRUSTS

Table of investment trusts including companies like British American Trust and British Investment Trust.

OIL AND GAS

Table of oil and gas stocks including companies like British Petroleum and Shell.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo American and De Beers.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo Irish Bank and Anglo Irish Bank.

Notes and footnotes regarding the data presented in the tables, including information on currency and exchange rates.

Additional information and disclaimers regarding the financial data and market analysis.

Final summary and closing remarks for the financial market report.



Bedroom to grow? Emigrate to Telford 0952 613131

MAN IN THE NEWS

In search of a new German pay deal

BY JAMES BUCHAN

GUARING THE circle is supposed to be impossible, but Georg Schorsch... The first independent attempt at mediation involved Kurt Siedenkopf...



GEORG SCHORSCH

entered the printers' dispute, spitting intellectual fire, produced a respectable compromise in double-quick time and was crucified by the publishers...

This, and the fact that he would withdraw his services, locked the employers and the IG Metall trade union into the negotiating room at Ludwigsburg near Stuttgart for 21 hours...

"This is new territory in pay bargaining," he said on Tuesday, quite fresh after the marathon sitting into the night...

The plan is new ground because it takes the final say on work time away from the lumbering apparatus of the 2.6m-strong union...

This 62-year-old bricklayer, a product of the Roman Catholic trades union movement, had already, in 1963, had broken new ground with a plan to help working people build up savings...

In 1972, he took over from Helmut Schmidt as Defence Minister, continuing his work in rearmament Social Democracy and the Bundeswehr...

It is an irony that the Ludwigsburg compromise coincided with a speech by Schmidt in the Bundestag after seven months absence...

W. Germany reports large trade surplus despite strike

BY RUPERT CORNWELL IN BONN

WEST GERMANY turned in a bumper trade surplus of DM 4.83bn (£t.3bn) in May, suggesting that in its early stages at least, the strike in the engineering industry had scant effect on the country's foreign markets...

The figures were released as most car makers, the worst hit sector in the seven-week strike, announced plans to restart production within the next few days...

The trade surplus for May was almost double the DM 2.65bn recorded in April, and brought the overall surplus for the first five months to DM 18.7bn, a fraction higher than the figure for the same period of 1983...

The strong trade performance also helped the current account to show a surplus of DM 2.7bn in May, against a deficit of

DM 400m for the previous month. But the cumulative current account surplus for the first five months reached only DM 4.3bn, down on the DM 6.9bn registered in January-May 1983...

Publishers' representatives are to hold talks with IG Druck, the print union, in Düsseldorf today in another attempt to reach a compromise over demands for a 35-hour week...

Both sides were hopeful last night. Herr Norbert Blum, the Labour Minister, said that what's good for big IG Metall (the engineering union) can't be bad for IG Druck...

The engineering union, which had originally sought a cut from 40 hours to 35 hours in the working week, has compromised on a cut to 38 1/2 hours from April 1 next...

Union officials indicated that the print blockade of Frankfurt would be lifted on Sunday. As well as hitting the Financial Times this has reduced the Frankfurt Allgemeine to a few skimpy emergency editions

airlifted out of the print plant by helicopter. The estimated loss to the Financial Times from the dispute in advertising revenue alone is put at £340,000...

As expected, the compromise engineering settlement agreed for the Stuttgart area will be extended throughout West Germany's engineering industry...

But, despite the cheering May trade figures, the damage to the economy might be considerable. The Economics Ministry's latest report warned that the strikes were bound to dent recovery in the second quarter...

What happens after that depends on how quickly, and to what extent, production losses—estimated by industry to have topped DM 9bn—can be made good. Volkswagen and BMW alone reckon to have lost DM 4.4bn of output between them during the dispute...

Government reluctant to amend union Bill

By John Lloyd, Industrial Editor

THE GOVERNMENT remains extremely reluctant to amend its Trade Union Bill to require postal balloting for the election of union executives—and may decide to defy a vote for such an amendment taken in the Lords last week...

The original version of the Bill allowed workplace ballots for union elections. Mr Tom King, Employment Secretary, said yesterday that the Lords amendment ran contrary to the spirit of the Government's step-by-step approach to employment law reform...

However, the growing number of backers of the amendment are unlikely to accept any substantial changes to it. Mr King is likely to decide on his response to the amendment this week, in time for the report stage in the Lords in about two weeks...

Mr Edward Leigh, Conservative MP for Gainsborough and Horncastle, has so far gathered 50 signatories to an early day motion supporting the Lords amendment—an indication of the growing strength of a possible backbench revolt...

Some supporters said yesterday they believed the Government was working on a compromise to the amendment, allowing ballot forms to be distributed at the workplace which could be returned by post...

Mr King, speaking yesterday after meeting members of the TUC's economic policy committee, said all strands of opinion in the Conservative Party accepted the advantages of postal balloting...

He said "the movers of the amendment recognise that the amendment is not entirely workable in its present state. The Government's position is that it is determined to ensure in every way we can that unions have the right to vote in secret and elections by marking a piece of paper without fear of intimidation..."

Mr Len Murray, TUC general secretary, said after the meeting with Mr King: "The clear view we got from him was that the amendment is neither desirable nor practical. Our impression was that he would like to get away from it..."

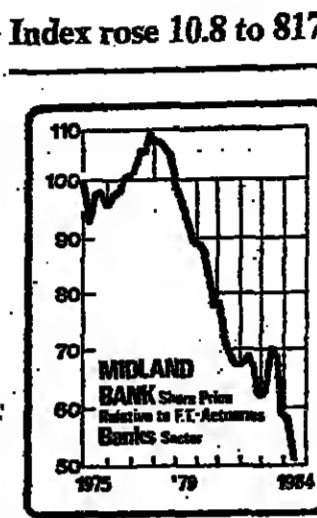
The unions have protested against the imposition of one kind of balloting on a number of diverse systems, and against the amendment's further provisions that unions compile centralised lists of members, and that elections be supervised by a Government-appointed official...

Mr Bill Keys, general secretary of the print union, Robert Taylor, chairman of the TUC's employment policy committee, of lists of members posed a grave threat to the civil liberties of those who feared victimisation if their membership of unions became known...

Further branch elections in Nottinghamshire have confirmed a trend to elect officials who continue to work as replacements for those who are on strike. In all, 27 of the 31 branches in the country have

THE LEX COLUMN Market muddle over Midland

Index rose 10.8 to 817.9



Persistent fears that the Midland Bank might be about to cut its dividend this week gave the markets an unnerving glimpse of a clearing bank's share price offering the alert investor a yield in excess of 13 per cent. These fears now appear as unfounded as some of the wilder stories swirling around the Midland and its ill-starred U.S. subsidiary, Crocker National Bank...

Tight position

In at least one way, this seems rather unfair to Midland. Its financial position is certainly tight, in the aftermath of the deferred tax trauma and more of the bad debt provisions which have long beset the whole banking industry...

Nevertheless Midland will surely need to resort to more than just tighter balance-sheet management in order to restore its financial position. Asset sales appear the most obvious recourse, but the bank still seems determined to sell only non-strategic assets...

The market's worries have much more substance in relation to Midland's heavier than average dependence on subordinated debt as a component of its capital base. This proportion has risen from 27 per cent at the year end to more than 30 per cent today...

Mr King, speaking yesterday after meeting members of the TUC's economic policy committee, said all strands of opinion in the Conservative Party accepted the advantages of postal balloting...

Mr Len Murray, TUC general secretary, said after the meeting with Mr King: "The clear view we got from him was that the amendment is neither desirable nor practical. Our impression was that he would like to get away from it..."

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Argentinian debts

is clearly under constant review, subject to the quarterly brinkmanship just completed for the second time, over interest arrears. The group has \$8.6bn outstanding to Argentina, with arrears of perhaps \$20m standing to be deducted from interim profits in the unlikely event that the whole book were reclassified as non-performing...

What has genuinely scared the markets is the possibility, however remote, that Crocker may now be on a slippery slope in its own Californian backyard where commercial banks have been seen to fail more than once this year under the weight of property lending—a category which accounts for more than half of Crocker's bad debt provisions...

Unless Midland fears having to write off its existing investment in Crocker one day, buying up the minority must surely be the single most effective means of adding credibility to this operation. By buying the 43 per cent minority in Crocker, Midland would reduce the confusion plaguing its relations with its own shareholders, at the same time simplifying the group's commercial activity in North America...

At setting more store by a tighter co-ordination of the entire group, the most striking gain here, a centralised treasury function, could indeed relieve some of the financial pressure on the group by cancelling out billions of pounds of offsettable deals which different subsidiaries presently conduct in the money markets...

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BA reduces pension liability

BY STEFAN WAGSTYL

BRITISH AIRWAYS has succeeded in tempting about half of its 32,000 employees with inflation-proofed pensions to give up their rights in return for a cash payment...

By late yesterday nearly 17,000 staff had opted to take an average of £4,800 each and to change to a pension scheme with lesser benefits. The deadline for accepting the offer, set in January, expires tonight...

The airline expects to pay out a total of about £80m in the move, which has been seen as necessary in paving the way for the Government's plan to privatise BA early next year...

It was estimated in January that BA might have to pay out £8,000 per employee under the offer, or £250m if everybody

accepted. Mr Dunlop explained that this had been an overestimate. The £8,000 payment was gross, and included a tax liability which the airline might have to meet, he said. It was too early to calculate how large this total tax liability might be...

The lump-sum payment to staff are based on age, salary, length of service, and retirement age. While £4,800 is the average amount, some senior staff will receive more than £10,000...

Very few employees opted for an alternative offer in the form of a credit of extra years' service in the new pension scheme, which would have increased the eventual retirement benefits...

U.S. leading indicators index falls

BY STEWART FLEMING IN WASHINGTON

A DECLINE of 0.1 per cent in May's U.S. index of leading economic indicators, which shows likely future economic trends, was welcomed by administration officials in Washington yesterday as a sign that the pace of economic growth is slowing...

The data are "signalling less vigorous economic growth during the second half of the year," Mr Malcolm Baldrige, Commerce Department Secretary, said. Since the publication last week of preliminary figures suggesting that real growth in the second quarter could hit an annual rate of 5.7 per cent, and

amid evidence of upward pressure on interest rates, the administration has been keen to refute suggestions that the economy is overheating. It fears that the Federal Reserve Board, the U.S. central bank, could respond to the continued strength of the economy by tightening credit again...

The leading indicators index is only a rough guide to future economic activity. It is often revised—yesterday for example the March figure was revised to show a slight rise instead of a decline—and there is ample other evidence that the economy is still expanding strongly...

The figure released yesterday did not provide conclusive evidence of a marked economic slowdown. Four of the ten indicators, including capital equipment orders and orders for consumer goods and materials rose last month...

Among the six declining indicators were a reduction in the average working week, a fall in stock prices and a decline in net new business formation. The House of Representatives yesterday passed—by a vote of 208 to 202—a bill to increase the national debt ceiling, the amount the federal government can borrow, by \$55bn to \$1,573bn...

Talbot lays off 400 workers

BY ARTHUR SMITH

TALBOT UK last night laid-off a first group of 400 workers as work was halted on its £120m a year contract to supply car kits to Iran. A further 485 workers will be laid-off next Friday...

Work will continue for about another 1,000 employees at the Stoke Coventry plant making replacement parts for Iran

under a linked £30m a year deal covered by different letters of credit. Sales to Iran of car kits, based on the old Hillman Hunter model, began in 1966 and are the UK motor industry's biggest single export contract...

CHIEF PRICE CHANGES YESTERDAY

Table with 2 columns: Item and Price Change. Includes items like Treasury 13pc 1980, Applied Computer, Bank of Scotland, etc.

WORLDWIDE WEATHER

Table with 4 columns: Location, Day, Yday, Yday. Includes locations like Algiers, Athens, Beijing, etc.

Continued from Page 1

NCB and union rift

secretary told the miners' leaders that steel, unlike coal, had to compete internationally and that jobs would be lost if the steel plants closed. Afterwards, Mr Siry said the atmosphere was restrained and that both sides listened carefully to the arguments...

Continued from Page 1

City warning on BT

The Government's decision to limit RTZ to a 10 per cent stake is not enforceable once dealings in the Enterprise shares start on Monday. It would be relatively easy for RTZ to mount a raid on the shares then, since large blocks are held by some underwriters who are anxious to sell at anything above the 185p offer price...

MERCURY JAPAN FUND advertisement. Features a large '47.8%' graphic and text describing the fund's performance and investment strategy. Includes contact information for Mercury Fund Managers Limited.

Handwritten scribble at the bottom of the page.